INNOVATING WITH **SPEED** PROTECTING WITH **AGILITY**

Quick Heal Technologies Limited

26th Annual Report 2020-21

Quick Heal
Security Simplified

SEQRITE
Enterprise Cybersecurity Solutions by Quick Heal

ACROSS THE PAGES

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https://www.quickheal.co.in/investors

Investor information

Market Capitalisation as on March 31, 2021 (as per NSE data)	: ₹ 11,974.30 Million
BSE Code	: 539678
NSE Symbol	: QUICKHEAL
Bloomberg Code	: QUICKHEA:IN
Dividend Declared	: ₹ 4 per share
AGM Date	: August 6, 2021
AGM Mode	: Through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

Cybersecurity threat is ever evolving, with cybercriminals constantly finding newer ways to infiltrate a network. This necessitates consumers and businesses to protect their network with advanced security fabric.

There has been a consistent surge in demand for cybersecurity solutions across the increasingly complex landscape of devices, networks, and applications. At Quick Heal, our rigorous and strategic focus on consistent research and development activities allows us to deliver innovative security solutions. When these innovations are merged with speed, they provide customers unmatched protection. Thus, our products, coupled with efficient distribution channel and state of the art support, have given the organisation the required agility to defend new-age threats in the cyberspace.

On the back of these acumen, in FY 21, we further strengthened our revenues and profitability. We also introduced next-generation offerings to strengthen our scale and growth momentum as we advance forward.

FY 21 KPIS

₹ **3,330** Million, ▲ **16.4%**
Revenues(YoY)
81.8% Retail
18.2% Enterprise

₹ **1,415** Million, ▲ **54.8%**
EBIDTA* (YoY)

42.5%
EBIDTA Margin

₹ **1,070** Million, ▲ **43.8%**
PAT (YoY)**

Debt Free
Balance Sheet

Shareholding Structure
Promoter and promoter group: 72.83%
Public: 22.06%
Others: 5.11%

*EBIDTA: Earnings Before Interest, Taxes, Depreciation, and Amortisation
**PAT: Profit After Tax

MD & CEO'S MESSAGE

> We are thankful to our stakeholders who have bestowed us with the conviction, strength and courage in believing in our capabilities to deliver next-generation cybersecurity solutions.

DEAR SHAREHOLDERS,

On behalf of our Board of Directors, it is my pleasure to share the annual report of the Company for FY 2020-21, an eventful year in many ways. FY 2020-21 presented unprecedented challenges with the COVID-19 pandemic and lockdown restrictions that followed throughout the year. Despite these challenges, we have delivered strong financial growth backed by robust top-line and bottom-line performance. I would like to thank our employees and partners for their relentless efforts and dedication, as we continued to deliver the best-in-class security solutions to our customers. Our ongoing investments in building newer capabilities and strengthening of the leadership team, positions us well to launch next-generation solutions and build a solid foundation for the enterprise business.

REWARDING SHAREHOLDERS

In line with our philosophy of constantly rewarding shareholders, during the last quarter we announced buyback of equity shares, which also fits with our robust capital allocation policy and should be EPS accretive. Buyback is being undertaken by Quick Heal after considering the operational and strategic cash requirements of the Company in the medium term and for returning surplus funds to shareholders in effective and efficient manner. The Board of Directors had also recommended a final dividend of ₹ 4 per equity share with a face value of ₹ 10 per share for FY 2020-21, subject to shareholders' approval in the ensuing annual general meeting. With this dividend of ₹ 4 per share, the total payout ratio will be about 24% on the existing equity base.

OUR FINANCIAL PERFORMANCE

In a challenging market environment, we have delivered a strong financial performance. During the year, our consolidated revenue from operations increased by 16% from ₹ 2,861 Million in FY 2019-20 to ₹ 3,330 Million in FY 2020-21. The recovery is commendable considering business was severely impacted during the initial part of the year because of the lockdown restrictions. As the restrictions in economy were lifted, business continued to recover sequentially during the year. The recovery in the retail segment was stronger with 24% increase in revenue, while the enterprise segment grew by 9%. In case of enterprise segment in the first two quarters of the year, the Government spending was less, and the SME segment also faced some liquidity pressure.

For the whole year, 82% revenue came from retail and the balance 18% came from the enterprise segment. Our EBITDA grew by 55% YoY to ₹ 1,415 Million in FY 2021 versus ₹ 914 Million in FY 2020, mainly on account of top-line growth. We also reported healthy EBIDTA margins of 42.5%, an increase of 1,054 bps over the previous year. PAT grew by 44% to ₹ 1,070 Million versus ₹ 744 Million during the previous year. The PAT margin for the year increased to 32% versus 26% in the last year.

TRENDS IN CYBERSECURITY MARKET

The COVID-19 pandemic has ushered India into a new era of digitisation. A rise in the adoption of cloud platforms, digital payments, e-commerce and internet users' count reaching almost 700 million, has led to an increase in cyber threats, targeting individuals and businesses of all sizes. The shortage of skilled security workforce, rapid digital transformation, compliance requirements and evolving nature of cyber-attacks continue to be the most pressing cybersecurity challenges. Threat actors were quick to capitalise on this opportunity by attacking new unprotected threat surfaces when millions of employees were forced to work from home. Attacks like ransomware, APTs, supply-chain attacks continued to evolve and become more sophisticated, while data breaches made headlines in India and across the world.

All these factors are contributing to the evolution of the cybersecurity industry and a new-found demand for products and solutions. As we become more dependent on digital technologies for our personal and professional requirements, cybersecurity will be as critical as the internet in the post Covid-19 world.

MAKING INVESTMENTS, BUILDING CAPABILITIES

During the year, we continued to build resilience and increase our competitive advantages in the marketplace by making right investments to build capabilities and invest in people, processes and technologies. Our enterprise arm 'Seqrite' has recently introduced 'Seqrite Hawkk', a premium suite of next-generation cybersecurity solutions aimed at empowering enterprises to secure their digital transformation journey. In the first phase, Seqrite Hawkk will offer – 'Seqrite HawkkEye' – a cloud-based centralised security management platform that will empower enterprises to manage multiple security products from a single console. We will continue to invest and add more products under the Hawkk umbrella that will also mark the Seqrite brand's foray into endpoint detection and response (EDR), zero trust, data privacy and cloud-based network security products.

For our retail business, we revamped our existing portfolio by launching new products backed by privacy, protection and performance. The new suite has been designed to safeguard consumer devices while securing personal data and protecting digital identities. It is equipped with industry leading features such as Anti-Ransomware, Safe Banking, Anti-Tracker, Parental Control and Webcam Protection among others.

On the M&A side, we have made an additional investment of USD 2 Million in L7 Defense, an Israel-based cybersecurity start-up after making an initial investment of USD 3 Lakh in FY 2019-20. Since then, L7 Defense has proven its unique capabilities in the area of API security and next-generation web application firewall, which gives us rationale to further increase our investment in this. This investment reiterates Quick Heal's commitment to invest in disruptive technologies that will shape the future of cybersecurity while supporting innovative startups.

COVID-19 RELIEF THROUGH CSR INITIATIVES

COVID-19 is raging across India with a devastating impact. Isolation. Quarantine. Social Distancing. Masks. Lockdown. These are the words that we had to hear and had to work with during the COVID-19 pandemic. On the positive side, the pandemic also meant responsibility, togetherness, adaptation, and opportunity. When our healthcare systems and frontline workers are facing extreme challenges, Quick Heal Foundation came up with admirable ideas to achieve its mission and positively impact the community, while protecting them. As a part of our commitment to rise to the occasion when the nation needed it the most, Quick Heal Foundation undertook the following COVID-19 relief initiatives:

- Distributed free immunity booster medicines to frontline workers
- Organised health camps and assisted in the smooth functioning of COVID-19 centres
- Donated medical vans to NGOs to heal tribal population
- Distributed food grains to the needy during lockdown
- Distributed PPE kits to NGOs
- Donated to PM Cares Fund

CLOSING THOUGHTS

Quick Heal has done well in a challenging year by quickly adapting and innovating among fluid business environment throughout the year and it is well positioned for the journey ahead. I would like to thank all our employees, channel partners, stakeholders, regulatory agencies and investors who continue to support us in the journey. Our talented employees have done a remarkable job of ensuring business continuity despite the multiple disruptions resulting from the COVID-19 pandemic and lockdowns.

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

We are grateful to our Board of Directors for their guidance and support in these uncertain times. We thank you, our dear shareholders, for your whole-hearted and unflinching support. You have bestowed us with the conviction, strength and courage to prepare for, and face, the future. As we march ahead, we know we can continue to rely on your support to strengthen us in India and across the world.

Best Wishes

Dr. Kailash Katkar
MD & CEO

ABOUT QUICK HEAL

A 'MADE FOR INDIA' PRODUCT CONFIGURED TO SECURE CONSUMERS, BUSINESSES AND GOVERNMENT.

Quick Heal Technologies Ltd ('Quick Heal' or 'the Company' from hereon) is one of the leading providers of IT Security and Data Protection Solutions with a strong footprint in India and an evolving global presence. Incorporated in the year 1995, it is an all-around player in cybersecurity with a presence in B2B, B2G, and B2C segments across multiple product categories – endpoints, network, data, and mobility. With its state-of-the-art R&D centre and deep intelligence on the threat landscape, Quick Heal helps in simplifying security by delivering the best-in-class protection against advance cyber-attacks. Its portfolio includes solutions under the widely recognised brand names 'Quick Heal' and 'Seqrite' across various operating systems and devices.

PURPOSE

Innovate to 'simplify' securing digital experience.

VISION

To be trusted by our customers in securing the digital world and aim to grow as reputable global market leader.

MISSION

Empowering the team to solve business problems.

25+
Years of delivering innovative cybersecurity solutions

Quick Heal *Security Simplified* | SEQRITE Enterprise Cybersecurity Solutions by Quick Heal

Market Leader
in the retail segment in India

Business Segments

- Home and SOHO
- SME
- Enterprise and Government

Platforms

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

NEW ENTERPRISE CUSTOMERS WITH MORE THAT 500 USERS ADDED IN FY21:

	Q1	Q2	Q3	Q4
>=500 to <=999	3	14	12	16
>=1,000 to <=4,999	0	5	5	12
>=5,000	0	0	1	1
Total	3	19	18	29

OUR JOURNEY

2017-21
Innovative AI driven protection & securing Internet of Things (IoT)

2011-16
Protecting data, transactions & cloud transitions

2006-10
Threat protection for smart phones and tablets

2001-05
Ensured a safe online experience

1996-00
Secured PCs, network & emails

1993-95
Protected early generations of PCs

AWARDS AND ACHIEVEMENTS

SEQRITE ENDPOINT SECURITY

Security certified and approved by ICSA Labs in 2020

Certified as 'Top Product' for business users by 'AV-Test' in 2020

Certified as 'Approved Corporate Endpoint Protection' for Windows by 'AV-Test' 2018

SEQRITE

Best Enterprise IT Security Brand at the 11th NCN Innovative Product Award 2018

Best cybersecurity brand award at National Summit on Digital Innovation & Cybersecurity Summit 2018

'Best Performance 2018' award for its Endpoint Security Solution from AV-Test Institute in Germany 2019

QUICK HEAL TECHNOLOGIES

Recognised by NASSCOM's DSCI as 'Cybersecurity Product Pioneer in India' 2019

Granted Patent for Anti-Ransomware Technology 2019 U.S. Patent No. US20160378988A1

Granted Patent for its Signatureless Behaviour-based Detection Technology 2019 U.S Patent No. US20170124327A1

QUICK HEAL TOTAL SECURITY

Best Protection rate in AV-Comparatives Test 2018

Certified as 'Top Product' for consumers by 'AV-Test' in 2020

CERTIFICATIONS AND PATENTS

INTERNATIONAL & ISO CERTIFICATIONS

ISO 9001:2015 Certified

ISO 20000-1:2011 Certified

ISO 27001:2013 Certified

AV Test 02/2021 Windows – Approved Corporate Endpoint Protection

AV Test 06/2020 Certified Windows - Top Product

ICSA Labs Endpoint Security Certified

DSCI Excellence Award – Cybersecurity Product Pioneer in India

PATENTED TECHNOLOGIES

- USPTO 10,387,649 Signatureless Behaviour-based Detection Technology
- USPTO 10,311,234 Anti-Ransomware Technology
- USPTO 8,973,136 System and method for protecting computer systems from malware attacks
- USPTO 8,914,908 A completely automated computer implemented system and method for piracy control based on update requests
- USPTO 8,347,389 System for protecting devices against virus attacks
- USPTO 7,945,955 Virus detection in mobile devices having insufficient resources to execute virus detection software

BUSINESS MODEL

Quick Heal enjoys strong industry leadership with a differentiated strategy that delivers valuable outcome for the shareholders.

VALUE CREATORS: RESOURCES AND RELATIONSHIPS

TALENTED AND MOTIVATED EMPLOYEES

Quick Heal has invested in building one of the most talented and motivated team of individuals in the cybersecurity industry.

INNOVATION

Quick Heal continually innovates and delivers solutions with speed through its state-of-the-art R&D centre to provide effective protection against a rapidly evolving threat landscape.

CHANNEL PARTNERS

Quick Heal's strong network of channel partners is the key asset of the business. The Company constantly engages by educating them on the latest cybersecurity trends and by developing closer relationships.

MARKET-LEADING REPUTATION

Quick Heal has firmly established its prominence over the years. It is recognised in the market for its next-gen cybersecurity solutions for individuals and enterprises.

SOCIAL QUOTIENT

Quick Heal has a responsibility towards society and it makes dedicated efforts towards cybersecurity awareness, life skill education and healthcare.

GOVERNANCE AND RISK MANAGEMENT

Quick Heal is committed to good corporate governance and has established a robust risk management framework to build a successful business that is sustainable over the long term.

VALUE-ENABLERS

DEDICATED TEAMS

- Product Management Team
- Product Development Team
- Quality Assurance Team
- IOT Security Team
- Incidence Response Team
- Security Labs

- Strong and Experienced Management
- Innovative Product Suite
- AI & Cloud Powered Security
- Operating Environment
- Presence across B2C, B2B & B2G segments
- Quick Heal Academy

STAKEHOLDER OUTCOMES

CUSTOMERS

Customers benefit from comprehensive and enterprise-grade suite of cyber security products and our commitment to continual innovation.

EMPLOYEES

Active employee engagement leads to strong motivation and best outcome. It further enables employees to build their careers with Quick Heal.

CHANNEL PARTNERS

Channel partners benefit through constant training and support and build loyalty to the brand.

INVESTORS

Consistent wealth creation and dividend pay-out to shareholders.

GOVERNMENT AND REGULATORY BODIES

Adheres to Government and regulatory bodies by following all the necessary compliances.

OPERATING ENVIRONMENT

CYBER THREAT LANDSCAPE

Cyberattacks have been growing in scale and sophistication. The Covid-19 pandemic has induced remote working, which has further changed the way attackers attempt to infiltrate systems to exploit new vulnerabilities and circumvent even the most advanced security controls. It resulted in diverse array of cyberattacks that will continue to evolve in the future.

INCREASING CYBERSECURITY BREACHES...

DETECTION HIGHLIGHTS 2020

13,733
Malware

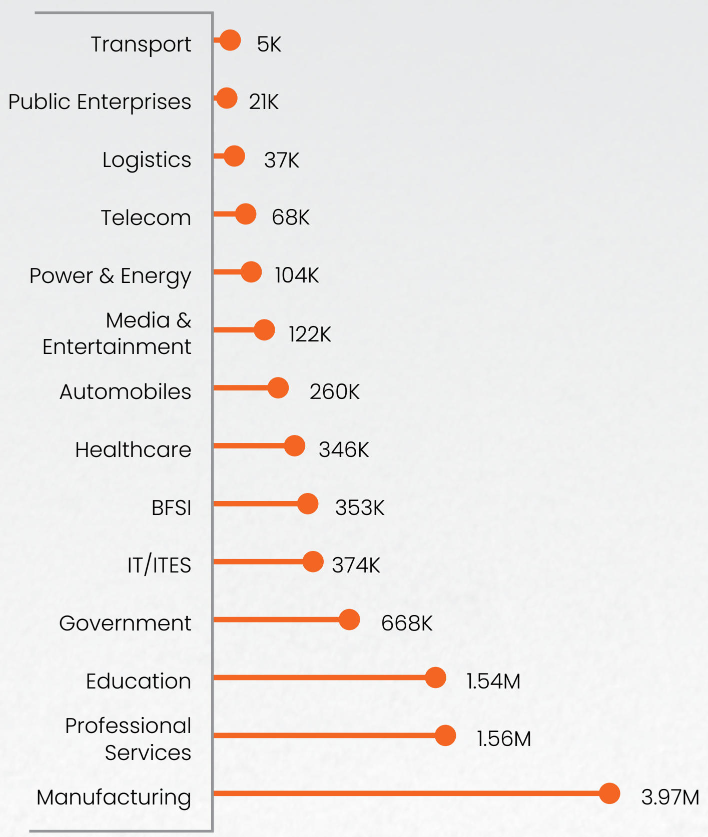
2,458
Infector

137
Ransomware

306
Cryptojacking Attacks

1,410
Worm Infection

HIGHLY VULNERABLE INDIAN INDUSTRIES



DETECTION STATISTICS FOR MOBILE

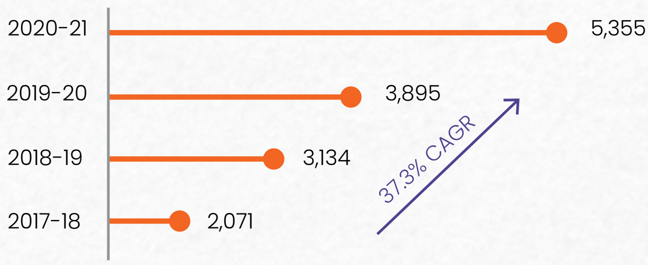
Adware: 150K
Per Day: 441
Per Hour: 18.4
Per Minute: 0.31

PUA: 220K
Per Day: 631
Per Hour: 26.3
Per Minute: 0.44

Malware: 150K
Per Day: 431
Per Hour: 17.9
Per Minute: 0.30

...AND RAPID DIGITISATION HAS FURTHER NECESSITATED A GREATER NEED FOR CYBERSECURITY INVESTMENTS

DIGITAL TRANSACTIONS (IN ₹ CRORES)



CYBER THREAT PREDICTIONS

- Threat actors to switch from Ransomware to Ransomhack: double trouble for enterprises
- Targeted Ransomware attacks on healthcare and pharma sector to surge
- Techniques similar to Operation SideCopy
- CobaltStrike: Powerhouse of ethical hackers in the hands of cyber criminals
- Increase in threats on remote work infrastructure
- Next wave of crypto-miners
- Covid-19 themed threats to divert from precaution-based to prevention-based
- New additions in exploits leveraging weak crypto implementations
- Deep-fakes to cyber-frauds
- Automation in performing phishing attacks
- Attacks on Red Team tools
- Increase in attacks related to mobile banking

WORST-AFFECTED STATES

High

- Maharashtra
- Delhi NCR
- Gujarart
- West Bengal
- Uttar Pradesh
- Karnataka
- Bihar
- Rajasthan
- Madhya Pradesh
- Tamil Nadu
- Telangana
- Haryana
- Odisha
- Punjab
- Kerala
- Chhattisgarh
- Andhra Pradesh
- Assam
- Jharkhand
- Uttarakhand
- Jammu & Kashmir
- Himachal Pradesh
- Chandigarh

Low

₹ 140 Million
The average cost of a data breach in India.
An increase of 9.4% from 2019

720 Million+
Internet users

12.2GB
Average wireless data usage per wireless data subscriber per month in 2020

448 Million+
Users engaged in social media

1.29 Billion people
Enrolled in the world's largest unique digital identity programme

30 Billion
Application downloads in 2020

₹ 6.98
Average cost to subscriber per GB wireless data

50% Million+
Internet penetration in India in 2020

700 Million+
Smartphone users

QUICK HEAL RESPONSE

INNOVATING WITH SPEED

Sophisticated cyber actors can invade a network in minutes. The threat is so multi-layered and fast that only speed, handheld by expertise, can avert such modern attacks. Quick Heal has been constantly innovating in this area so that it's always a step ahead of such attackers. We have developed a cybersecurity ecosystem where we endeavour to protect consumers and enterprises from cyberattacks.

We are consistently investing in R&D for strong product roadmap and to evolve with the changing threat landscape. The Company promotes a culture of innovation throughout the business, to create and capture intellectual capital. It provides in-depth analysis and steps for best security practices. With over 25 years of market presence, the Company understands the cybersecurity market and issues faced by millions of users, leading to more innovative products and solutions for our customers.

ROLE OF THE R&D TEAM

If we are an all-around security player today, it's because of our dedicated R&D efforts. Our products are based on cutting-edge technology drawn from our research. R&D remains the backbone of our 25-plus-year-old journey and it's because of this we are delivering more than just antivirus today.

OUR R&D TEAM COMPRISES:

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

Product Development Team: Designing and building cutting-edge products and solutions

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

Internet of Things (IOT) Security Team: Creating solutions to ensure all your connected devices are secured

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

INNOVATION OUTCOMES

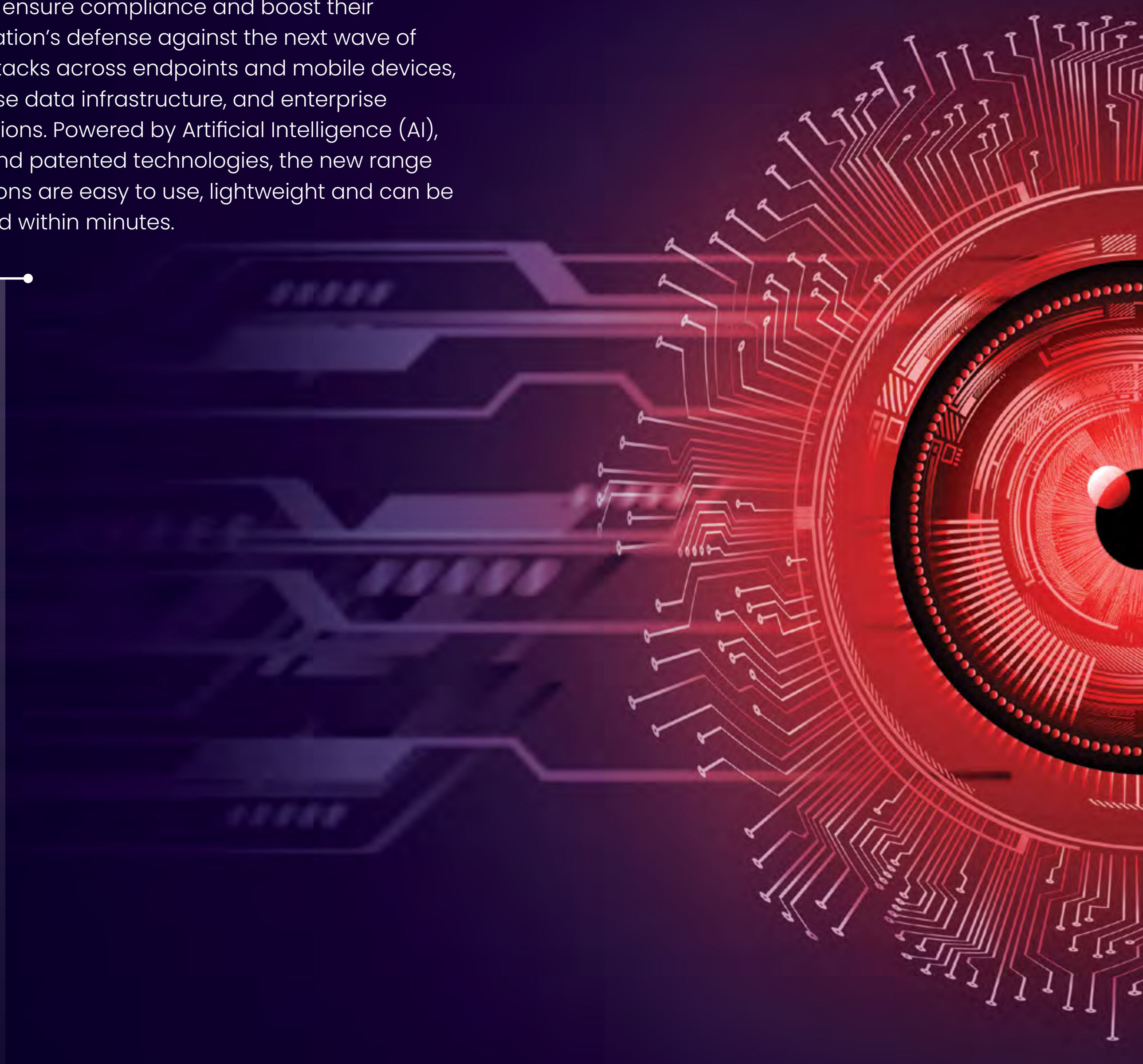
GODEEP.AI

It is one of the most innovative malware hunting engines that brings together the best of the features. It powers 'Signature Less' and 'Signature-Based' detections. Some of the features include:

- Advanced DNA Scan
- Patented Behaviour-Detection System
- Multi-Layered Defense
- Seed Analysis
- Cloud-Based Deep Learning Module

SEQRITE HAWKK

It is a premium suite of next-generation cybersecurity solutions aimed at empowering enterprises to secure their digital transformation journey. It has been designed to empower Chief Information Security Officers (CISOs) and Information Technology (IT) leaders to get comprehensive visibility into their organisation's security posture, generate actionable insights, ensure compliance and boost their organisation's defense against the next wave of cyberattacks across endpoints and mobile devices, enterprise data infrastructure, and enterprise applications. Powered by Artificial Intelligence (AI), Cloud and patented technologies, the new range of solutions are easy to use, lightweight and can be deployed within minutes.



SEQRITE HawkEye

HAWK EYE

An intuitive cloud-based platform enterprise-grade centralised security management. It offers a holistic security posture to integrate the cybersecurity silos, make data-driven decisions, and manage all individual point products from a single dashboard!

SOME OF THE FEATURES INCLUDE:

- Centralised Security
- Powerful Analytics
- Accelerated Actions
- Single Console
- Simplified Investigation
- Insight Analysis
- Reduced TCO
- Intuitive Workflows
- Better Performance
- Play & Plus Solution

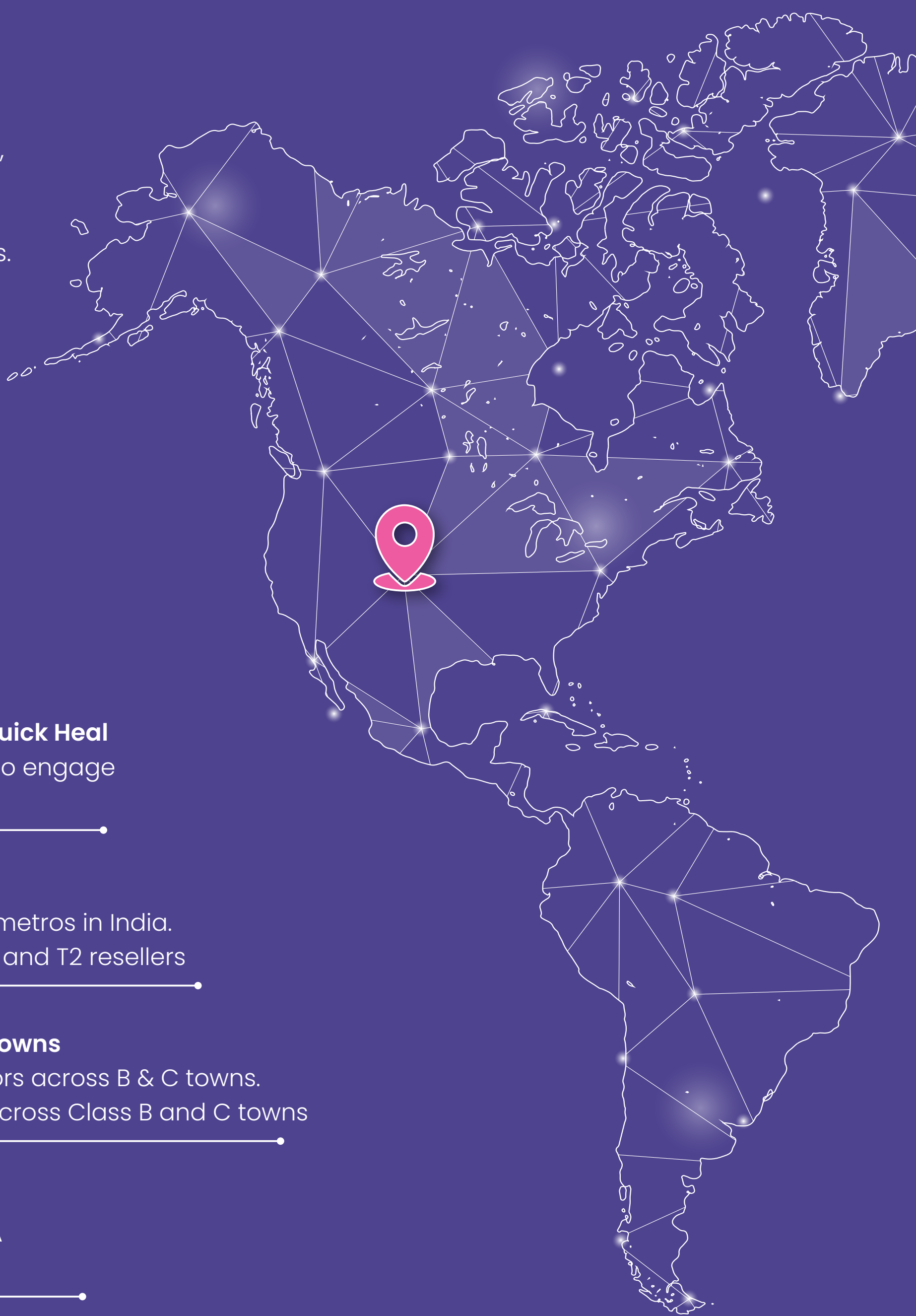
QUICK HEAL RESPONSE

PROTECTING WITH AGILITY

At Quick Heal, we protect with agility through our robust sales and distribution network across the globe. It has enhanced our visibility and market reach, our customer following, and our growth opportunities, as we continue to strengthen our next-generation offerings.

EDUCATING CHANNEL PARTNERS

To support and educate our channel partners, we train them to build their expertise across all our products. This leads to transition of customers to our next-gen cloud technologies.



ROBUST SALES & DISTRIBUTION NETWORK IN INDIA

Sales Execution
Robust pan-India coverage

Complimentary Support from Quick Heal
Zonal and regional sales teams to engage and support channel

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

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

Presence in Class A towns
Strong distrbution across Class A
Towns backed by T2 resellers

CUSTOMER DELIGHT

To deliver an exceptional customer delight in their digital journey, we have a multi-lingual end-user support in English, Hindi and several other major regional Indian languages. Besides, we have data sheets, product videos and manuals uploaded on the website, providing information on technical specifications, installation guide and upgrade mechanisms. We also release various articles, technical papers, quarterly threat reports and regularly conduct webinars in the area of security software.

India (HO)
Quick Heal Technologies Limited

Japan
Quick Heal Japan KK

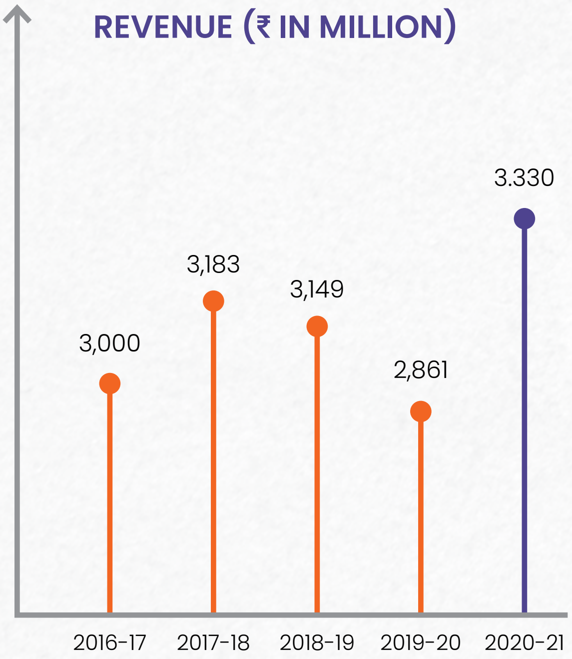
UAE
Seqrite Technologies DMCC

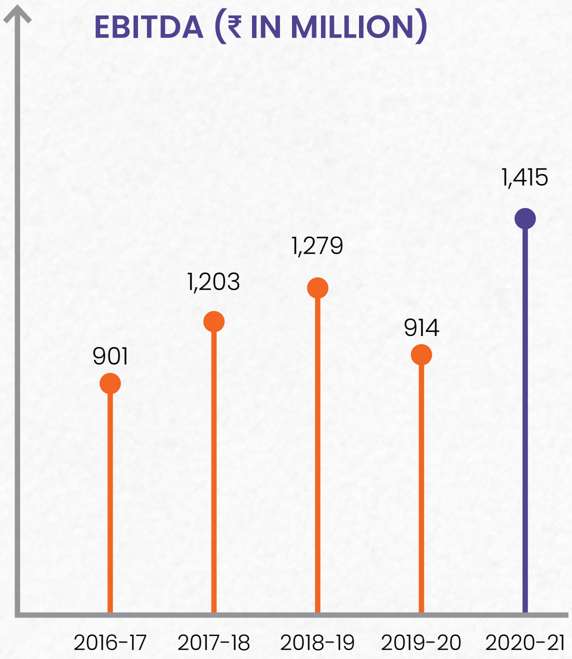
Kenya
Quick Heal Technologies Africa Limited

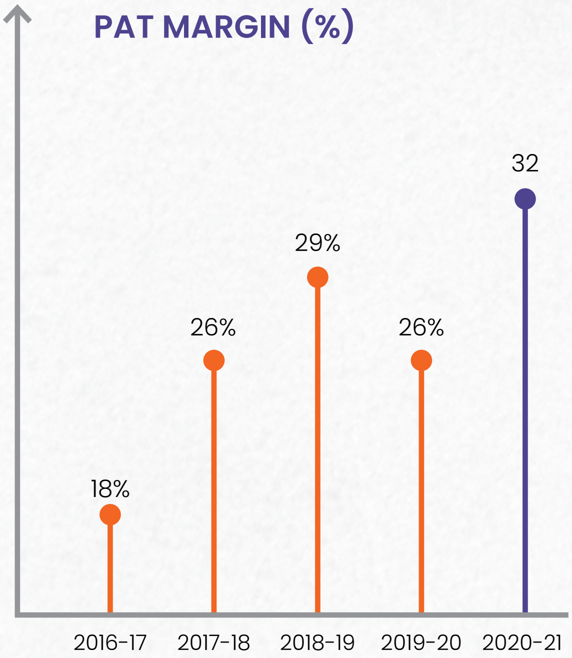
USA
Quick Heal Technologies America Inc.

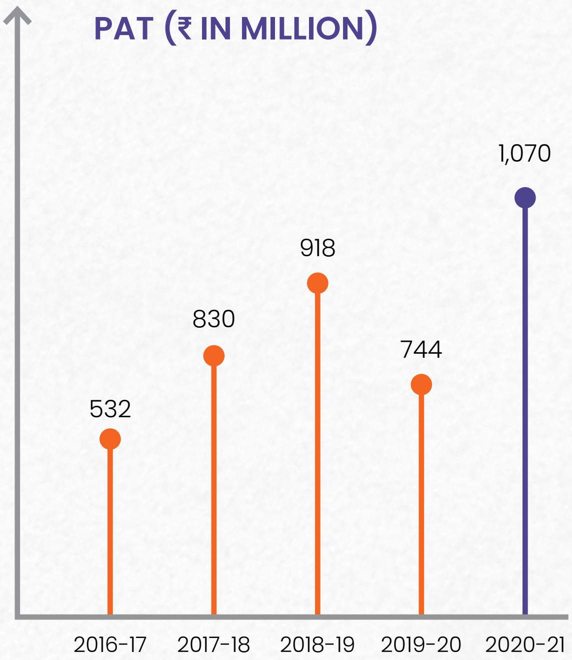
This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

PERFORMANCE HIGHLIGHTS








PAT (₹ IN MILLION)
532
830
918
744
1,070
2016-17
2017-18
2018-19
2019-20
2020-21


PERFORMANCE
HIGHLIGHTS

CORPORATE SOCIAL RESPONSIBILITY

Quick Heal is committed to uplifting the lives of people around it. Using its resources, expertise and insights, it constantly strives to bring in a positive change in the communities where it operates.

We make a difference in the society by mobilising our resources in responding to local needs. Our CSR arm – Quick Heal Foundation – has provided significant relief operations amid the deadly second wave of the pandemic. Besides, it has also taken several initiatives towards cyber education.

THE PANDEMIC RELIEF MEASURES

Quick Heal delivered over 1,00,000 immunity boosters to the frontline warriors. These ayurvedic medicines were developed by Vishwavati Ayurvedic Chikitsalaya and Research and approved by the Food and Drug Administration (FDA). We further extended a helping hand to the communities by providing access to food supplies in association with RSS Jana Kalyan Samiti.

CITIES/TOWNS COVERED:

- Pune
- Mumbai
- Navi Mumbai
- Raigad
- Satara
- Sangli
- Solapur
- Kolhapur
- Kalyan
- Vasai-Virar
- Chiplun
- Pandharpur
- Barshi
- Aurangabad
- Dhule
- Parbhani

1,00,000+ BENEFICIARIES

- Social Workers
- Administration Staff
- Health Workers
- Press & Teachers
- Police

We have also donated Arogya Yan – state-of-the-art mobile clinic units – in Maharashtra and Kerala to provide basic healthcare facilities to the underprivileged from remote locations. The van had a clean and hygienic environment for medical care as well as for storing and dispensing of medicines.

3 Organisations

2 States

39 Village Access

30,000 Beneficiaries

CYBER SHIKSHA FOR CYBER SURAKSHA

Amidst the growing usage of e-learning and virtual classrooms, the importance of digital safety and the rising need for security awareness training has taken a centre stage. At Quick Heal Foundation, we took an exclusive initiative – Cyber Shiksha for Cyber Suraksha – to create awareness among teachers, parents, and children about the pros and cons of being online. We conducted various webinars across cities to educate volunteers and help them understand, detect, and avoid cyber threats they may encounter in their daily activities.

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

20 Webinars

6,383 Beneficiaries

17 Organisations

QUICK HEAL ACADEMY

Quick Heal Academy (QHA) is a premier institute engaged in imparting cybersecurity education programmes globally with an objective of building a talent pool of cybersecurity professionals. Over the years, we have trained hundreds of cybersecurity professionals to build awareness around the ever-changing and evolving cybersecurity domain.

We closely engage with universities and educational institutes to design programmes, which will help to build a talent pool of cybersecurity professionals. Besides, we also offer online, classroom, corporate and need-based training courses with the objective to empower organisations in effectively addressing cybersecurity challenges and contribute towards strengthening the cybersecurity ecosystem.

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

POPULAR COURSES

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

ACADEMY PARTNERS

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

SAVITRIBAI PHULE PUNE UNIVERSITY
Designed an 'M-Tech in Information Technology Program' for Savitribai Phule Pune University

QUANTUM GLOBAL CAMPUS
MoU with Quantum University for a joint B.Tech (Hons.) with specialisation in Cybersecurity

MANAV RACHNA UNIVERSITY
MoU with Manav Rachna University (MRU) for a joint B.Tech in Cybersecurity & Threat Intelligence program

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 four-year undergraduate programme

PARUL UNIVERSITY
MoU with Parul University, Vadodara, for Joint B.Tech Programme (four years)

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

DR. SANJAY KATKAR
JOINT MD & CTO

Spearheads the creation and subsequent development of the core product technology

MR. SHAILESH LAKHANI
NON-EXECUTIVE DIRECTOR

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

MR. AMITABHA MUKHOPADHYAY
INDEPENDENT DIRECTOR

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

AIR MARSHAL (RETD) BHUSHAN NILKANTH GOKHALE
INDEPENDENT DIRECTOR

Having retired as the Vice Chief of Air Staff, he has worked in the National Security Council and has been consultant to DRDO. He also served on the board of Defense PSUs and as an advisor to various Government institutions

MR. MEHUL SAVLA
INDEPENDENT DIRECTOR

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

MS. APURVA JOSHI
INDEPENDENT DIRECTOR

Certified bank forensic accounting professional and anti-money laundering expert

LEADERSHIP TEAM

DR. KAILASH KATKAR

MANAGING DIRECTOR & CHIEF EXECUTING OFFICER

CO-FOUNDER OF THE COMPANY

Has been the driving force in growing Quick Heal Technologies since its inception.

A proven leader with a profound proficiency in developing strong client relationships, passion for building outstanding teams and a disciplined focus on operations and execution of strategy.

DR. SANJAY KATKAR

JOINT MANAGING DIRECTOR & CHIEF TECHNICAL OFFICER

CO-FOUNDER OF THE COMPANY

Leads the global technology strategy and responsible for the core research and development of the products. He has served as the Director of Association of Anti-Virus Researchers, Asia. He is also a distinguished speaker at various industry forums.

Holds a Master's degree in Computer Science from the University of Pune.

MR. NITIN KULKARNI

CHIEF FINANCIAL OFFICER

He has 25+ years of experience in managing different aspects of finance in IT and manufacturing industry. Previously held leadership positions at Tech Mahindra, KPIT, Atlas Copco India and Persistent Systems. A member of the Institute of Chartered Accountants of India.

MS. REETU RAINA

CHIEF HUMAN RESOURCE OFFICER

Responsible for driving Human Resources and steering the Company's people operations, culture and recruitment initiatives. Ms. Raina holds extensive industry experience and has worked across sectors such as Telecom, BFSI, and IT. She has held leadership roles with domain-leading brands such as TATA, HDFC Bank, and Amdocs. She was the Head of HR at Sterlite Technologies.

MR. SANJAY AGRAWAL

CHIEF PRODUCT OFFICER

Responsible for driving the overall product vision and strategy in line with market expectations. Sanjay is an entrepreneurial engineering and product leader with two decades of experience and proven success in building cybersecurity products for the global markets. A computer engineering graduate from University of Illinois, Sanjay holds a Ph.D. and M.S. from Stanford University in Electrical Engineering and Computer Science (EECS).

MR. BIBHUTI KAR

HEAD, RESEARCH AND DEVELOPMENT

Responsible for driving the Company's development efforts, leading a team of talented engineering professionals and security researchers. Bibhuti brings with him over two-and-a-half decades of rich experience in the global high-tech industry. An alumnus of IIT-Kharagpur with a Master's in ECE, he has worked on missile communication systems with DRDO.

MR. KULDEEP RAINA

HEAD, GLOBAL ENTERPRISE SALES

Responsible for leading the enterprise and Government sales strategy and managing the vertical on a global level. Passionate technocrat with a rich flare for sales and ability to drive targets in dynamic business environment. Over two decades of diverse sales experience, including leadership roles in cybersecurity companies.

MR. DEEPAK MISHRA

HEAD, RETAIL SALES

Responsible for enhancing market share and driving channel strategy for the retail brand. He has an extensive exposure in sales and distribution, channel management, and building a robust distribution to drive productivity and profitability. Over two decades of experience in FMCG, Beverages, Telecom and IT Industries.

MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMIC UPDATE:

1.1 INDIAN ECONOMY:

India has been one of the fastest growing economies among the major economies in the world and it is ranked the world's fifth largest economy as per the IMF. However, FY 2020-21 saw unprecedented disruptions to the lives and livelihood across the country due to the COVID-19 pandemic and caused a detrimental impact on the economy as well. The pandemic-induced challenges into industries and businesses and the country had to shift into low gear, if not standstill. It caused never-witnessed-before output losses in the Asia Pacific Region. Losses varied widely across economies, as a function of the stringency and effectiveness of containment policies, dependence on tourism and contact intensive services, and the degree of policy support. However, recovery is now underway, as the pandemic is receding in some countries.

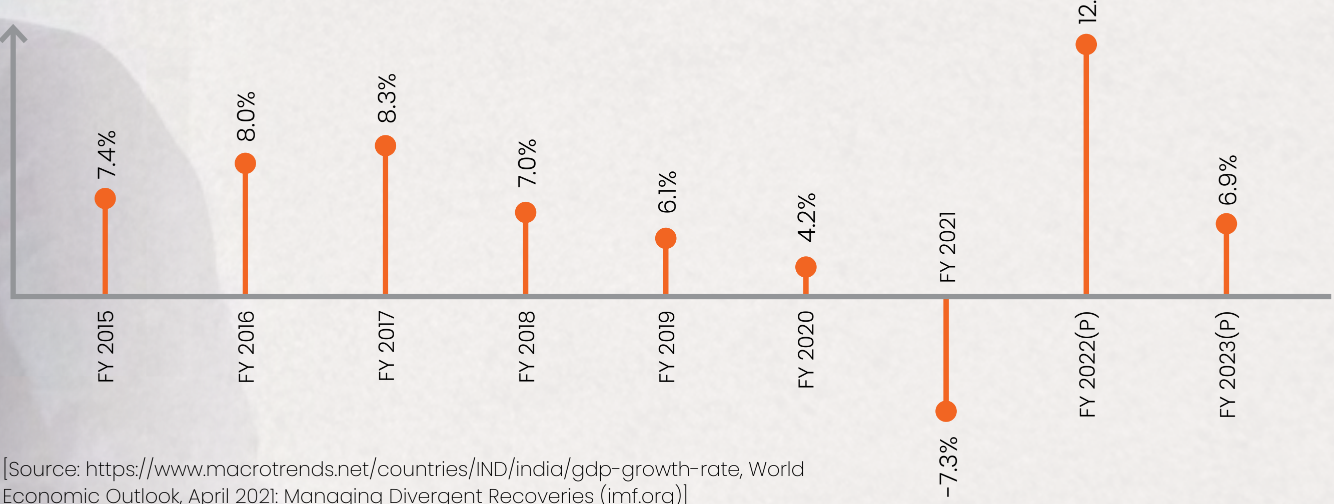
1.2 OUTLOOK:

IMF's World Economic Outlook report published in April 2021 has projected sharp rebound in growth for India. The Indian economy, which has steeply degrown by 7.3% in FY 2020-21, is expected to rebound sharply in FY 2021-22. Among the major economies, India is projected to grow at the fastest pace of 12.5% in FY 2021-22. However, India has been witnessing a second wave of infections due to which most states have imposed restrictions and micro-lockdowns. This is disrupting demand and supply and if prolonged, it could derail the economic recovery expected in FY 2021-22. According to an S&P Rating report published on May 2021, India's second COVID-19 wave could knock off as much as 2.8 percentage points from GDP growth in FY 2021-22. The Government is responding to the latest outbreak with a series of localised lockdowns, while avoiding a nationwide lockdown, which would have more adverse economic implications. At this juncture, there continues to be a great deal of uncertainty on the duration and intensity of the second wave and the resultant impact it may have on the economy and various sectors.

The upsurge in new infections, as seen starting mid-February 2021, is bending up the pandemic curve, inducing further restrictions on mobility and a greater sense of urgency in expanding vaccine availability and faster immunisation rollout. While the availability of vaccines, gradually reducing infections, and increased mobility will be key to economic and industrial revival, different industries will likely see different rebound paths until the pandemic is truly over.

In the meantime, the impact of the pandemic may lower potential growth in the short term, due to eroded human capital and investment growth. Furthermore, output may also remain below pre-pandemic trend through the medium term, while returning to full capacity might take longer than anticipated. Given these recent development, one can likely expect IMF's growth projection for India to get revised once again to be more conservative. Similar to the stimulus plans introduced by the major economies, the Indian Government, too, decided that an expenditure-led budget can help trigger strong recovery for the Indian economy. To fight Covid-19 pandemic in India, the Government introduced an aggressive calling for kick-starting

GDP GROWTH RATE (%) - FY2015 TO 2023 E



[Source: https://www.macrotrends.net/countries/IND/india/gdp-growth-rate, World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)] its Atmanirbhar Bharat Abhiyaan (Self-reliant India campaign). The Government is also planning several bold makeovers through measures such as supply chain reforms for agriculture, rational tax systems, simpler and clearer laws, capable human resource and a stronger financial system.

The Union Budget FY22 was also designed to focus on being socially inclusive and growth-augmenting. Higher Government spending and supportive policies announced in this budget are expected to help sustain corporate recovery and improve longer-term prospects.

2. CYBERSECURITY MARKET

2.1 GLOBAL CYBERSECURITY MARKET

The COVID-19 pandemic is expected to enhance cybersecurity spending in medium- to long-term significant growth in working from home. This means greater need for home desktops and laptops requiring adequate cybersecurity.

The global cybersecurity market is currently worth USD 184 Billion in 2020, growing to USD 270 Billion by 2026. The global cybersecurity market size was estimated to be USD 162.5 Billion in 2020 and it is projected to register a CAGR of 12.5% to reach USD 418.3 Billion by 2028.

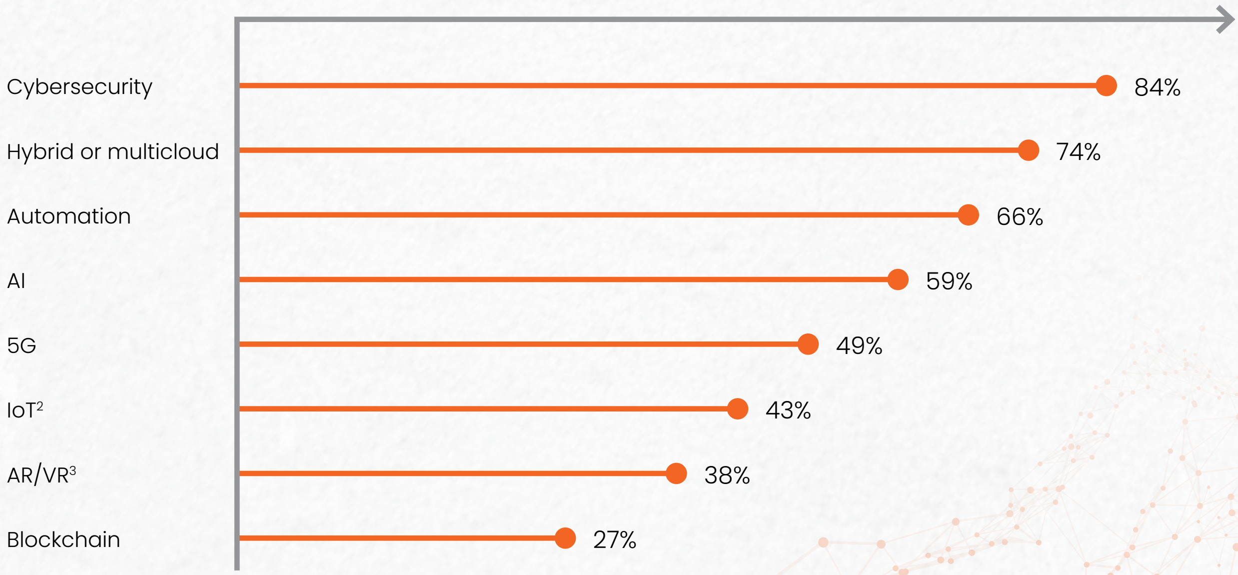
With remote working being the new normal, more enterprises will be on the lookout for high-quality cybersecurity products that can be deployed quickly and are available at economical rates. The focus is expected to shift to more innovative security applications going forward.

Areas such as cloud security, data security, endpoint monitoring, remote access and home security of employees, risk and compliance, employee visibility/ monitoring solutions, anti-phishing, anti-fraud, data security, and others will be under focus.

Security solutions have been gaining momentum worldwide as incidents of cyberattacks has increased at an unprecedented pace. Solutions such as antivirus software and firewalls have increased in complexity and have proven successful in preventing threats and attacks. In today's evolving digital world, cybersecurity and defence against online threats are becoming increasingly important due to the rising incidence of fraud, cybercrimes, dangers, risks, and vulnerabilities.

The growth of the market can be attributed to the growing sophistication of cyberattacks. The frequency and intensity of cyber scams and crimes have increased over the last decade, resulting in huge losses for businesses. As incidents of

COVID-19 IS EXPECTED TO PUSH SPENDING FOR TREND TECHNOLOGIES, INCLUDING CYBERSECURITY



(Source: Digital Economy compass)
1: Survey conducted by HFS Research on 631 major tech enterprises on April 6, 2020 2: IoT=Internet of Things 3: AR/VR=Artificial reality/Virtual reality
Sources: HFS Research, as of April 2020, Canalys 2020

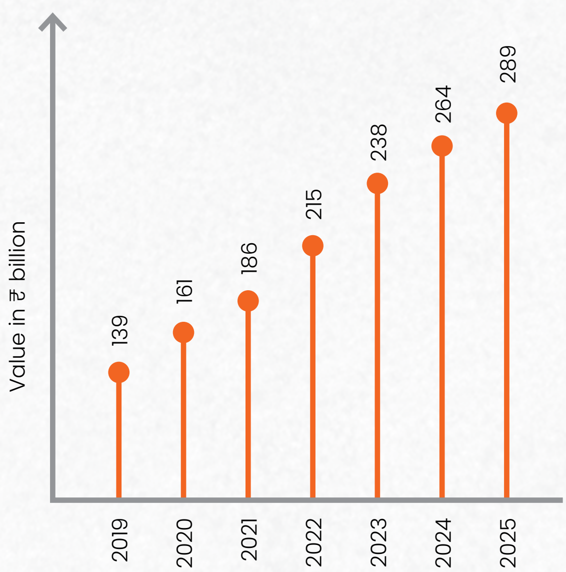
cybercrimes increased significantly, businesses worldwide channelled their spending on advanced information security technologies to strengthen their in-house security infrastructure. Furthermore, the need to defend critical infrastructure from Advanced Persistent Threats (APTs) has encouraged governments across the globe to reform their cyber security strategies, creating a pool of opportunities.

The major factors that are contributing to the growth of the global cybersecurity market are a rise in malware and phishing threats among enterprises, growth in demand for cloud-based cybersecurity solutions, and the need for strong authentication methods across regions. In addition, an increase in the frequency and sophistication of cyberattacks, emergence of disruptive digital technologies such as Internet of Things (IoT), stringent data protection regulations for information security, and an increase in the number of supply chain-based attacks exploiting the software supply chain, is also propelling the growth of the cybersecurity market.

2.2 INDIAN CYBERSECURITY MARKET

India is emerging as a cybersecurity hub catering to both Indian and global companies amid the growing wave of cyberattacks. Gartner Forecasts Enterprise Information Security and Risk Management Spending in India to grow at a healthy rate of 9.5% in 2021. The Indian cybersecurity market size was estimated to be ₹ 139 Billion in 2019 and it is projected to register a CAGR of 13% to reach ₹ 289 Billion by 2025.

MARKET SIZE OF CYBERSECURITY IN INDIA 2019-2025

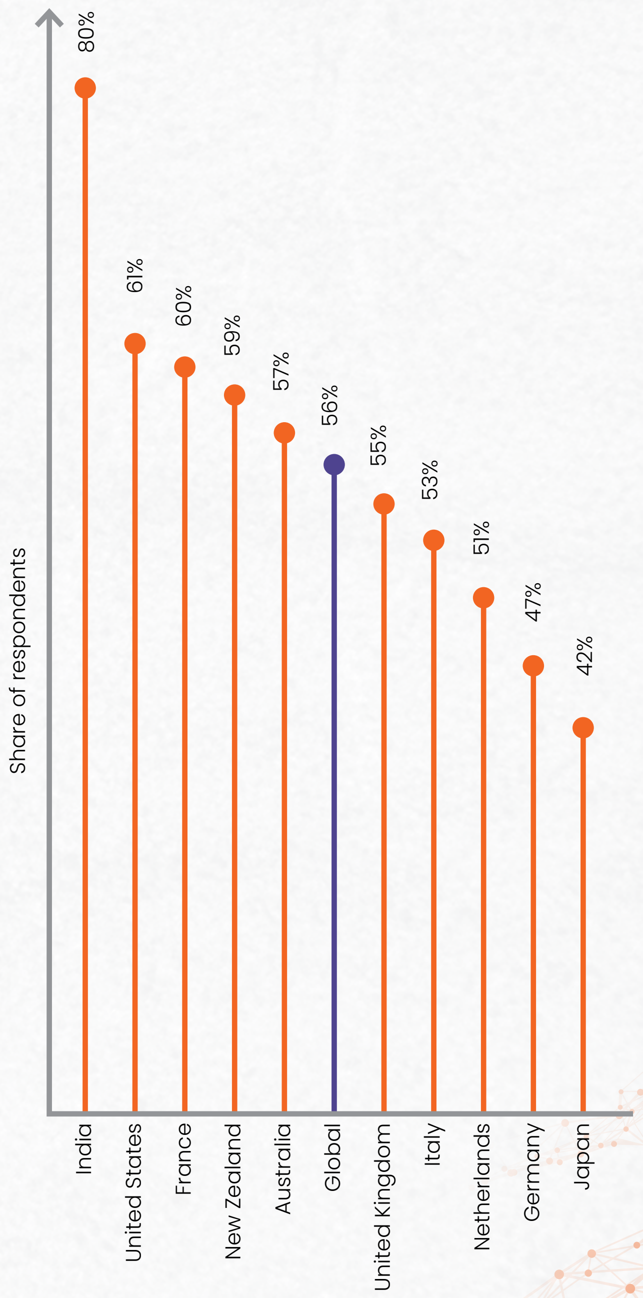


(Source: Statista – Cybersecurity in India)

HIGH THREAT OF CYBERCRIME IN INDIA

As India has leapfrogged in terms of digital adoption, a rise in the adoption of cloud platforms, digital payments, e-commerce and internet users has led to an increase in cyber threats for the country. As per a survey conducted by Harris Poll in December 2019, India ranks at top in terms of percentage of internet users among major countries who have ever experienced any cybercrime.

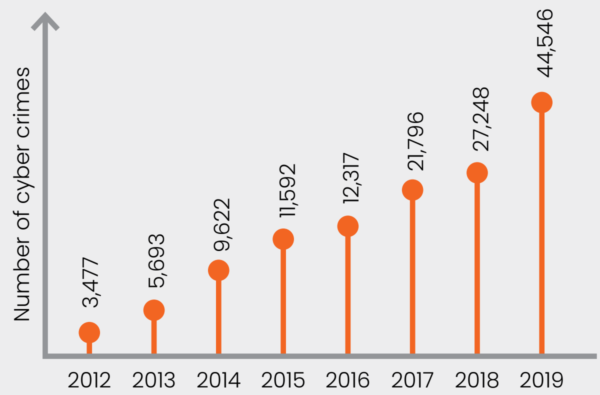
CYBERCRIME ENCOUNTER RATE IN SELECTED COUNTRIES 2019



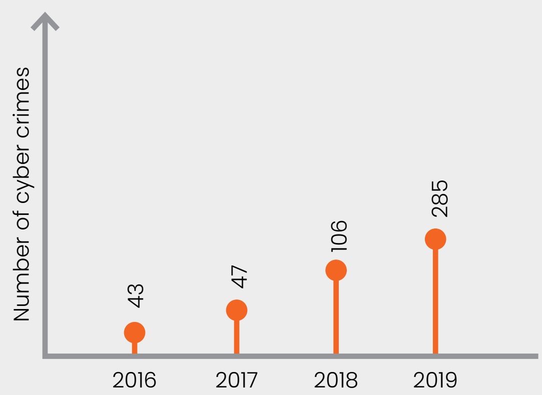
(Source: Statista – Cybersecurity in India)

Cybercrime has increased at a rapid pace, along with increased penetration of internet and enhanced use of digital modes of transactions. During 2012 to 2019, cybercrimes in India increased by 13 times.

NUMBER OF CYBERCRIMES REPORTED IN INDIA 2012-2019



NUMBER OF CYBERCRIMES RELATED TO DATA THEFT ACROSS INDIA 2016-2019



(Source: Statista – Cybersecurity in India)

2.3 IMPACT OF COVID-19

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The pandemic forced many companies to equip employees to work from home. As the COVID-19 pandemic forced businesses around the globe to change their operations and rethink their processes overnight, the home became the new workplace for many. Employees took their work devices home, which broadened the attack surface for companies, as a home network infrastructure usually isn't as secure as an enterprise network.

During lockdown, online sales jumped up due to non-availability of physical deliveries as our 25,000 retail partners across India were hit due to the pandemic. The surge in our business coming from the rise in laptop sales during the pandemic got reflected in the second half of the year. We are seeing more confidence from most of the retail partners with respect to demand. However, we are cautious due to liquidity issues in the retail dealers' ecosystem due to impact on their business owing to the COVID-19 pandemic. Hence, we do not want to increase exposure with them.

Approximately 80% of our business is retail and 20% is enterprise. Within the enterprise segment, Government business constitutes ~16% of enterprise revenue and Small & Medium Enterprises (SMEs) constitute ~84% of revenues. The Government business was degrowing, as they were not spending enough on cybersecurity due to the pandemic. Moreover, many of the decisions from the Government sector have been kept pending because of the current situation. Also, the SMEs were hit the most during the lockdown and recovered during the latter part of the year when restrictions were lifted.

3. REGULATORY NORMS DRIVING SECURITY MARKET NEEDS

With the increasing frequency and sophistication of cybercrimes, regulators are beginning to play an active role with increasing supervisory coverage, formulating directives and tightening regulatory controls. Regulators are taking cognisance of evolving cyber risks and technological advancements and integrating these into directives and guidelines. The Personal Data Protection Bill is a progressive move in India in regulating how a user's data is protected without compromising data sovereignty. The Indian Government is working on making an updated cybersecurity policy to cater to emerging scenario of increasing state-sponsored cyberattacks and organised cybercriminal groups.

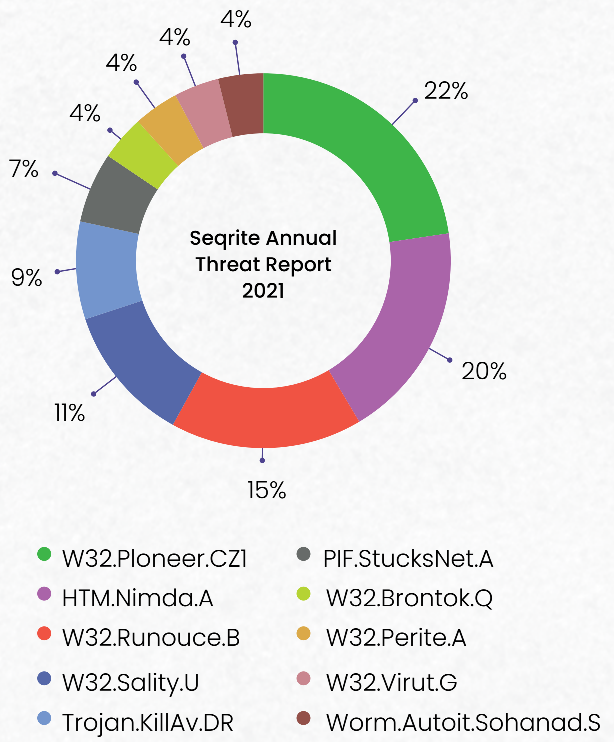
4. CYBER THREATS THAT CAUGHT OUR ATTENTION IN 2020

Malware numbers have dropped by 35 Million in 2020 as against 2019. From a cybersecurity perspective, this may sound like some good news for businesses manoeuvring through the rough seas of an epidemic-infused 2020. Not quite so with the COVID-19 outbreak, businesses had transitioned to remote working from March of 2020.

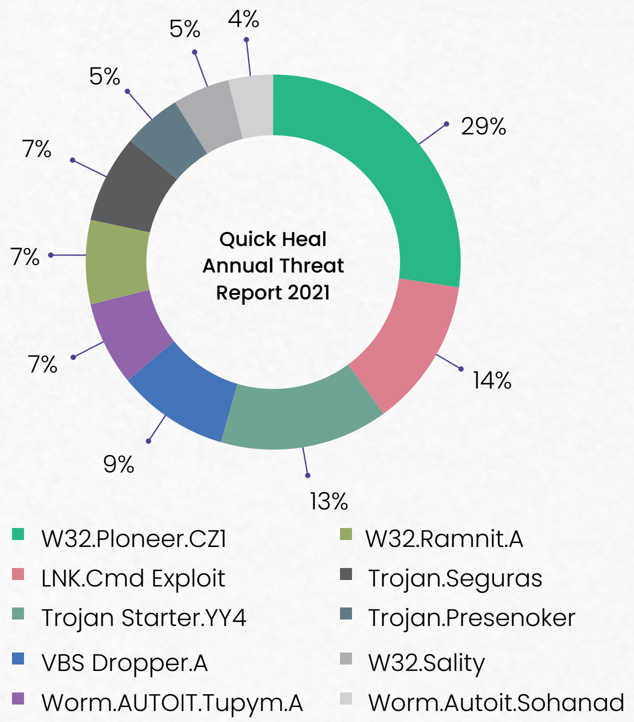
During the complete lockdown, most offices had not connected their endpoints to the internet. Adversaries also were focussed on shifting their strategies to align with the new attack surface. Hence, for nearly 10 months now, cyberattacks have been emerging with new techniques targeting a completely new setup of the global enterprise. It looks nearly certain that the drop in numbers is due to this new environment, and not because of declining attack vectors. The epidemic will overlap into 2021 and with attackers ready, it is predicted that the number of infiltration attempts will increase.

WINDOWS MALWARE DETECTION IN 2020

BELOW ARE THE TOP 10 MALWARE THAT CAUGHT OUR ATTENTION IN 2020:



Source: Seqrite Annual Threat Report 2021



Source: Quick Heal Annual Threat Report 2021

W32.Pioneer.CZ1 :

The W32.Pioneer.CZ1 malware was detected the most on business systems in 2020.

- Threat Level: Medium
- Category: File Infector
- Method of Propagation: Removable or network drives
- Behaviour: W32.Pioneer.CZ1 injects its code into files and maliciously collects system information sending it to attackers

HTM.Nimda.A

- Threat Level: Medium
- Category: Worm
- Method of Propagation: Spreads through emails
- Behaviour: HTM.Nimda.A spreads through email attachments infecting files on PCs and network drives

W32.Runouce.B

- Threat Level: Medium
- Category: Virus
- Method of Propagation: Spreads through email
- Behaviour: W32.Runouce.B sends a copy of self as an email attachment to email ids present on victim's contact lists creating a 'ChineseHacker-2' mutex

W32.Sality.U

- Threat Level: Medium
- Category: File Infector
- Method of Propagation: Removable or network drives
- Behaviour: W32.Sality.U injects its code into system processes and gathers confidential information from affected machines

Trojan.KillAv.DR

- Threat Level: High
- Category: Trojan
- Method of Propagation: Email attachments and malicious/compromised websites
- Behaviour: Trojan.KillAv.DR drops a file when executed extracting IP address and other related information of victims

PIF.StucksNet.A

- Threat Level: High
- Category: Trojan
- Method of Propagation: Removable Drives
- Behaviour: PIF.StucksNet.A drops a .LNK file, which is a shortcut to the main Trojan file and allows the attacker to execute arbitrary code on victims' machines

W32.Brontok.Q

- Threat Level: Medium
- Category: Worm
- Method of Propagation: Spreads through emails or infected USB and network drives
- Behaviour: W32.Brontok.Q spreads through emails or infected USB drives maliciously modifying system components present in a computer

W32.Perite.A

- Threat Level: Medium
- Category: File Infector
- Method of Propagation: Downloaded by other malware
- Behaviour: W32. Perite.A infects files stored in shared network locations and executable files with EXE and SCR extensions

W32.Virut.G

- Threat Level: Medium
- Category: File Infector
- Method of Propagation: Bundled software and freeware
- Behaviour: W32.Virut.G creates a botnet that is used for Distributed Denial of Service (DDoS) attacks, spam frauds, data theft, and pay-per-install activities

Worm.AUTOIT.Tupym.A

- Threat Level: Medium
- Category: Worm
- Method of Propagation: Malicious links in instant messenger
- Behaviour: Malware drops file in system32 folder and executes it from a dropped location. It connects to a malicious website, modifies start page of browser to another site and creates a run entry in the same (dropped) file for persistence

5. CYBERSECURITY TRENDS & PREDICTIONS

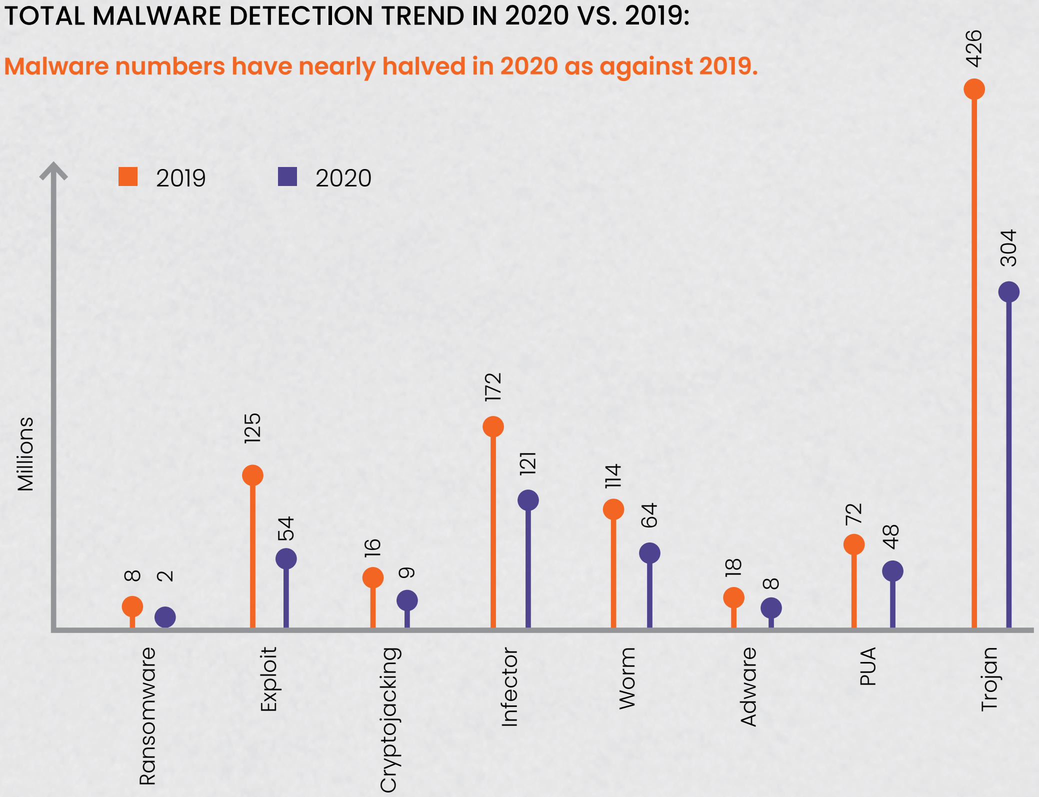
5.1 CYBERSECURITY TRENDS

Most of the 2020 infiltration attempts saw a noticeable shift on a newer attack surface formed due to remote working model and changing modus operandi of the business worldwide. During 2020 there was reduction in threats like Adware and PUAs that are the least harmful in nature while dangerous threats like Trojan, Ransomware and infectors have also escalated further. Primarily because of new vulnerability that have popped up because of virtual learning culture we believe the trend of lower less detrimental attacks and higher-targeted dangerous attacks will continue in 2021.

Demand will continue to remain strong for cybersecurity products and solutions as we become more and more reliable on digital infrastructure to solve our day-to-day needs such as being connected to work remotely, digital learnings and digital payments and this will definitely help cyber security market and we are more bullish towards that.

TOTAL MALWARE DETECTION TREND IN 2020 VS. 2019:

Malware numbers have nearly halved in 2020 as against 2019.



Trojan was the highest detected malware across 2019 and 2020 indicating its popularity with cyber attackers.

Source: Quick Heal Annual Threat Report 2021

5.2 CYBERTHREAT PREDICTIONS FOR 2021:

2020 has seen a completely different brand of attacks as compared to 2019. While both, Windows and Android users faced the onslaught of Coronavirus-themed attacks, Trojans, ransomware, adware, spyware and theft of sensitive information was common. With users forced to prioritise on establishing the new normal, adversaries took maximum advantage to breach the transition.

As the new year begins, it is presumed that adversaries have completed their transition and have synced-in to strategise cyber attackers through established and emerging channels. Our cybersecurity predictions for 2021 and beyond, forecasts a likely cybersecurity landscape for this year. The cunning ways of attackers, however, never lack the element of surprise and ensure that there is always room for more.

THREAT ACTORS TO SWITCH FROM RANSOMWARE TO RANSOM HACK: DOUBLE TROUBLE FOR ENTERPRISES

Previously, advanced ransomware attacks such as WannaCry, Petya, Ryuk, Grandcrab and others used to only encrypt disks or files and demand a ransom payment in return for a decryption key. Now a new ransomware trend is observed which not only encrypts user files but also exfiltrates private and sensitive information. On denial of ransom, adversaries threaten to release hijacked information in public.

This is double trouble for organisations – exposing sensitive data in public causes severe GDPR implications. In either case, businesses are likely to have to pay to move forward. This tactic is called RansomHack or Double Extortion.

Maze, DoppelPaymer, Ryuk, Lockbit, Netwalker, Mountlocker and Nefilim are a few ransomware operators using double extortion techniques. We expect this trend to continue in 2021 as well.

TARGETED RANSOMWARE ATTACKS ON HEALTHCARE AND PHARMA SECTOR TO SURGE

Healthcare and pharma companies that have been in the frontlines working to fight against the novel coronavirus pandemic are also facing a new wave of ransomware attacks and extortion demands lately. Though a few ransomware operators agreed to not attack the healthcare sector during the COVID-19 crisis, several other attack groups have continued to use ransomware against this sector, largely because of the sensitive and personal data of patients they store. Numerous hospitals, COVID-19 research firms and pharma companies have fallen victim to ransomware in the last quarter of 2020, making it necessary for them to adopt or deploy a comprehensive set of security solutions.

TECHNIQUES SIMILAR TO OPERATION SIDECOPY

In September 2020, Seqrite became the pioneer in discovering Operation SideCopy, an Advanced Persistent Threat (APT) attack targeting the Indian Defence Forces. The cunning nature of this attack had so far misled the security community in believing that this was in fact Transparent Tribe. Similar to Operation SideCopy, which attempted to use techniques similar to some other state-sponsored APTs, there will be similar attacks in 2021 that will attempt to breach critical infrastructure.

COBALTSTRIKE: POWERHOUSE OF ETHICAL HACKERS IN THE HANDS OF CYBER CRIMINALS

CobaltStrike is a threat emulation toolkit, which is often being used for post-exploitation, covert communication, and browser pivoting, among other malicious purposes. It can be repurposed to deploy any type of payload, be it ransomware or keylogger. Ransomware attacks that are now relying on this are Egregor, Ryuk and Lockbit. We have also observed the involvement of 'CobaltStrike' beacons in the recent major backdoor and APT attacks. Recently, the source code of 'CobaltStrike' was leaked on GitHub. This will allow malware authors to make customised changes in the source code or tweak it to evade detections. So, the rise in the inclusion of 'CobaltStrike' beacons in major cyber-attacks will be observed in the coming future.

INCREASE IN THREATS ON REMOTE WORK INFRASTRUCTURE

With the COVID-19 pandemic, almost all organisations have rolled out a remote working model — businesses have introduced tools to facilitate employees to connect to office networks from home and collaborate. Typically, VPNs are used to connect to such networks, whereas video conferencing or chat applications are used to communicate with colleagues — many SMBs have also rolled-out BYOD (Bring Your Own Device).

This new infrastructure must be managed and configured with great precision. IT administrators need to update and patch the software, OS and Antivirus whenever required to defend against exploitation attempts made on this new attack surface. Any new vulnerabilities in such popular applications could be encashed by malware authors as soon as they are reported or discovered.

NEXT WAVE OF CRYPTO-MINERS

The cryptocurrency prices are at an all-time high currently and are expected to rise even more in 2021. Cryptocurrencies like Bitcoin and Monero have almost tripled in value in 2020. The booming cryptocurrency values will invite more threat actors towards developing stealthier crypto-miners and generate higher revenues in 2021.

CORONAVIRUS-THEMED THREATS TO DIVERT FROM PRECAUTION-BASED TO PREVENTION-BASED

In the initial timeframe of the pandemic outbreak, cyber threats were precaution-based where phishing sites, fake mobile apps and malware filenames were related to awareness of coronavirus, symptoms, precaution measures, PPE kits, test kits, lockdown and social distancing. With the end of the year approaching, the big race among all the pharma companies has led to the creation of several vaccines which are at various stages of testing and approvals. The governments of different countries and states are gearing up for providing vaccines to all its citizens free of cost or at subsidised rates to prevent the virus from infecting and spreading. Hence, now the threats are forecasted to start diverting to a prevention-based theme.

NEW ADDITIONS IN EXPLOITS LEVERAGING WEAK CRYPTO IMPLEMENTATIONS

This year we saw two critical exploits (Curveball and Zerologon) in Windows which were leveraging bugs in Microsoft's implementation of Cryptographic algorithms in different modules. Curveball (CVE-2020-0601) allowed attackers to sign a malware file with anyone's digital certificate, making it look legit. Zerologon (CVE-2020-1472) made it possible for a low-privileged domain user to take full control of Active Directory domain without any authentication. These exploits were very quickly adopted by hackers in different malware attacks. Considering the high potential of such exploits, security researchers might come across more crypto vulnerabilities in different Windows modules.

DEEP-FAKES TO CYBER-FRAUDS

Deep-fakes are fake/manipulated video or audio clips of a person, created using deep learning technology. This can be used to create fake news and carry out cyber frauds. We expect more of these in 2021.

AUTOMATION IN PERFORMING PHISHING ATTACKS

Hackers have been increasingly seen using automation in performing phishing attacks. This trend will continue — a variety of social engineering tricks will be used to lure into giving up on sensitive information in 2021.

RED TEAM TOOLS

Cybersecurity vendor FireEye's Red Team tools were recently stolen in a massive cyberattack. These tools were used in 'Red Teaming Exercises' to demonstrate the "impacts of successful attacks" for clients. The stolen tools range from simple scripts used for automating reconnaissance to entire frameworks that are similar to publicly available technologies such as CobaltStrike and Metasploit. Many of the Red Team tools have already been released to the community and are already distributed in the open-source virtual machine, CommandoVM. This will allow access to internal systems and fetch critical information of organisations. Attacks comprising the application of Red Team tools will be observed in the coming future.

INCREASE IN ATTACKS RELATED TO MOBILE BANKING

In September 2020, Cerberus mobile banking Trojan's source code was released for free on underground hacking forums. Following this, an immediate rise in mobile app infections was seen. It is expected that far more advanced variants of mobile banking malware based on Cerberus's code will emerge next year with new techniques and payloads.

6. RECENT PROMINENT CYBER THREATS THAT SHOOK THE WORLD:

EMOTET IS BACK AFTER UNLOCK!

Emotet Trojan has been a persistent threat actor for quite some time now and is considered highly successful in delivering malware through crafted emails with subject names containing hot keywords.

DHARMA AKA CRYSIS: AN EXHAUSTIVE PHENOMENA OF HUMAN OPERATED RANSOMWARE!!!

Dharma aka CrySIS ransomware has been rampant for years leveraging infection mechanisms like spam emails, targeting public IPs with open RDP ports, and others. Human-operated and resilient in evading anti-virus software, Dharma attacks are prevalent in SMB organisations and critical-service providers.

A NEW ERA IN RANSOMWARE

Ransomware has evolved from being a simple screen locker to an advanced file infector which encrypts user's important files and mapped network drives. Ransomware authors always update their TTPs to attack a large number of systems and gain maximum benefit. Essentially, they evolve in two directions, one being the use of different encryption techniques and the other, using different attack vectors.

WOL (WAKE ON LAN) IN RYUK RANSOMWARE

Wake on Lan (WoL) is a hardware feature that allows a computer to be switched on or awakened by a network packet.

PROCESS HOLLOWING IN MAILTO AKA NETWALKER RANSOMWARE

The Mailto or Netwalker performs process hollowing in explorer.exe - this helps in evading the Anti-Virus Software (AVs) to easily perform encryption.

EXPLOITING VULNERABILITIES IN SYSTEM/ PRODUCTS I.E., CVE-2020-0601 BY HORSEDEAL RANSOMWARE, CVE-2018-19320, GIGABYTE BY ROBINHOOD RANSOMWARE

This is a spoofing vulnerability in Windows CryptoAPI (Crypt32.dll) validation mechanism for Elliptic Curve Cryptography (ECC) certificates. HorseDeal leveraged this vulnerability by making use of a spoofed ECC certificate to evade detections.

RAGNARLOCKER RANSOMWARE HIDES IN VIRTUAL MACHINE

Threat actors have developed a new type of ransomware attack that uses virtual machines to hide the malicious code from security products. Since ransomware application runs inside the virtual guest machine, its processes and behaviour can run unhindered, as they are out of the reach of security software on the physical host machine.

PONYFINAL AND TYCOON RANSOMWARE USED JAVA AS THE LANGUAGE/FILE FORMAT FOR ENCRYPTION

PonyFinal is Java-based ransomware which requires JRE (Java Run-Time Environment) in the system to specifically target enterprise organisations where JRE is available on almost all the systems.

POULIGHT- AN INFO-STEALING TROJAN MIGHT BE TEACHING YOU HOW TO PLAY MINECRAFT

Poulight, info-stealer Trojan, which in all likelihood originated in Russia is notoriously popular in collecting sensitive user information through Minecraft, a popular video game. Ever since its first appearance, it has been growing and taking different forms with the main infection vector remaining spear-phishing emails.

7. FUTURE OPPORTUNITIES

7.1 DIGITAL INDIA

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

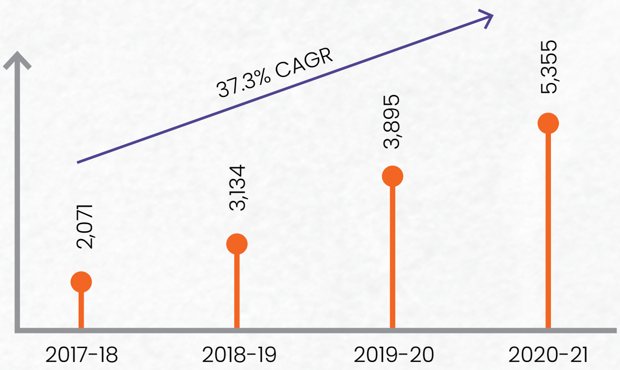
7.2 CYBERSECURITY TO PLAY CRUCIAL ROLE AS ENTERPRISES EMBRACE REMOTE WORK CULTURE

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

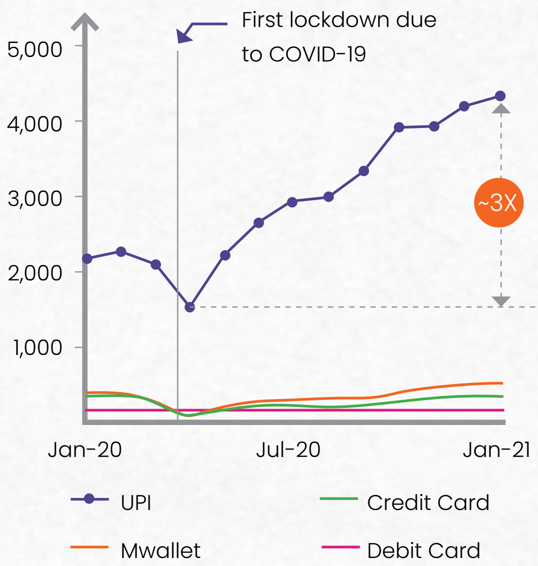
7.3 A VIBRANT FINTECH ECOSYSTEM ON A HIGH-GROWTH TRAJECTORY

Not only have Indian consumers lapped-up FinTechs across sectors, the adoption of FinTech products by financial institutions has also grown exponentially. Digital payment methods are well accepted by Indian households and are not just the preserve of the rich or the well-educated. COVID-19 has accelerated the pace of digitisation across categories. While certain Fin-Tech segments (for example, lending) may see a blip in the near term, there is a large sustainable behaviour change towards digital offerings in financial services. Between March 2020 and January 2021, UPI payments (by value) have risen to 3x of their pre-pandemic value, while the share of other payment modes has declined. Similar acceleration has also been seen in online broking, where the share of active clients with FinTech discount brokers. We expect FinTech segments like digital payments and online broking to evolve rapidly over the next few years. This presents us with immense opportunities in mobile security segment. Quick Heal has a portfolio of mobile security solutions and we see this becoming a considerable part of our business in future.

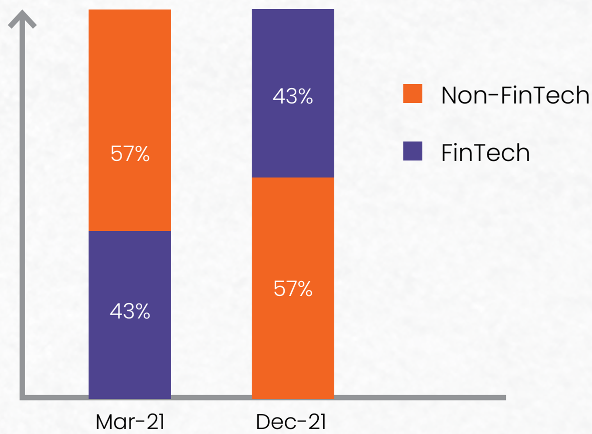
DIGITAL TRANSACTIONS- ₹ CRORE



VALUE OF TRANSACTIONS (₹ Billion)



COMPARISON OF FINTECH MARKET SHARE IN BROKERAGE



Source: National Payments Corporation of India (NPCI), NSE handbook, HDFC Securities Institutional Research
Note: For Mwallet, Debit card and Credit Card: Data for Dec '20 and Jan '21 is calculated using month-on-month growth average for the last 12m, FinTech brokerage firms

8. OPERATIONAL OVERVIEW AND FINANCIAL OVERVIEW

8.1 BUSINESS OVERVIEW

OVERVIEW:

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

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

OUR PRODUCTS – OPERATIONAL OVERVIEW

Retail Segment

Quick Heal is a dominant player in the Indian retail segment. During the year, we witnessed robust 34% increase in the total retail licences, while revenue increased by 24%. The lower realisation was primarily on account of change in the product mix and higher demand for lower price products observed during the last few months. During the lockdown, online sales jumped up due to non-availability of physical deliveries. Our 25,000 retail partners across India were hit due to the pandemic. The surge in our business coming from increased laptop sales during the pandemic got reflected in the second half of the year. We are seeing more confidence from most of the retail partners with respect to the demand. However, we are cautious due to liquidity issues in the retail dealers' ecosystem due to impact on their business due to the pandemic. Hence, we do not want to increase exposure with them.

ENTERPRISE SEGMENT & GOVERNMENT SEGMENT

Enterprise Segment

In a challenging market environment, our enterprise business, which comprises Small and Medium Enterprises (SMEs) added 29 new enterprise customers with more than 500 users. The enterprise segment registered a growth of 9% and a healthy renewal ratio of around 80% during the year 2020-21. SMEs were hit by the pandemic and the resultant lockdown impacted them badly thereby impacting the growth in this segment. Recovery in the segment happened during the latter part of the year when restrictions were lifted. We are focusing more on the SME segment in which we have 6% to 7% market share, and we plan to enter large enterprise segments soon.

Seqrite, which is the enterprise arm of Quick Heal, has introduced 'Seqrite Hawkk', a premium suite of next-generation cybersecurity solutions aimed at empowering enterprises to secure their digital transformation journey. In the first phase, Seqrite Hawkk will offer – 'Seqrite HawkkEye' – a cloud-based centralised security management platform that will empower enterprises to manage multiple security products from a single console. Seqrite will continue to invest and add more products under the Hawkk umbrella that will also mark the brand's foray into endpoint detection and response (EDR), zero trust, data privacy and cloud-based network security products. The launch demonstrates Seqrite's continuous commitment towards innovating and developing the most comprehensive and powerful suite of security solutions to simplify cybersecurity management. 'Seqrite Hawkk' has been designed to empower CISOs and IT leaders to get comprehensive visibility into their organisation's security posture, generate actionable insights, ensure compliance and boost their organisation's defence against the next wave of cyberattacks across endpoints and mobile devices, enterprise data infrastructure, and enterprise applications. Powered by AI, Cloud and Patented technologies, the new range of solutions are easy to use, lightweight and can be deployed within minutes. The launch demonstrates Seqrite's continuous commitment towards innovating and developing the most comprehensive and powerful suite of security solutions to simplify cybersecurity management.

Government Segment

Government business was severely impacted in FY 2020-21, as Government was not spending enough on cyber security due to the pandemic. Moreover, many of the decisions from the Government sector has been kept pending because of the current situation. We expect this business to pick up once disruptions due to the pandemic ends.

Strong and Diversified Channel Network

Our robust and diversified network of channel partners in cities and towns across India helps us reach our end-customers. Over the years, we have built our channel programme into a strategic asset for the organisation and our partners. Our retail channel partner base is arguably the biggest in India supported by our physical presence across the country. Our strong internal sales and marketing team works closely with customers and channel partners to identify new sales prospects, sales solutions and provide after-sales support.

With 25,000+ channel partners, our sales team works for a deeper market penetration under these segments. Our channel partners are aptly trained to assist our customers with technical information, related sales assistance as well as after-sales support services to enterprise users. Our in-house sales portal has witnessed reasonable jump in volumes with the internal online teams working seamlessly to serve the customer.

Research and Development

Quick Heal lays strong emphasis on continuous investments in research & development to ensure that we are constantly innovating, and latest evolving threats are addressed through timely updates of features. In line with our focus on R&D, we have strengthened the R&D leadership team with appointment of Mr. Sanjay Agarwal as Chief Product Officer (CPO) and Mr. Bibhuti Kar as R&D and Engineering Head. Our R&D team is continuously working towards product upgrades with newer features. This is crucial, as it helps sustain our leadership position. In FY 2020-21, R&D spending increased by 19% over the previous year and was ~19% of our revenue.

Customer Support

Our customer support includes multi-lingual end-user support in English, Hindi and other major regional Indian languages. We periodically release various articles, technical papers, quarterly threat reports and conduct webinars in the area of security software. Our customer support service also includes data sheets, product videos and manuals on websites. These provide information on technical 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.

8.2 HUMAN RESOURCE

The Company considers human resources as the most valuable asset and as key enablers to drive the organisation towards long-term sustainable growth. The organisation takes pride in its human capital, which comprises people from diverse backgrounds and cultures. The Company has developed a robust human resources policy that ensures welfare of the employees and focusses on providing employees a healthy, safe and conducive work environment. The global pandemic necessitated scaled-up efforts by the human resource function to ensure employee safety and well-being. The Company also supported employees with new ways of working to ensure business continuity and agility to make more balanced decision in sync with its work-life responsibilities. In spite of all the challenges faced during the lockdown there was no disruption in handling of operational activities. Proactive management of COVID-19-related concerns, leading to a highly motivated team, ensured business continuity. The adopted flexibility by our businesses should result in our customers getting an enhanced experience with our products and services. The Company ensures that the employees are fairly compensated and provided performance-linked incentives as per the industry standards. The employees are provided training on a regular basis to enhance their work and personal skills.

9. FINANCIAL OVERVIEW

REVENUE FROM OPERATIONS

Revenue from operations increased by 16% from ₹ 2,861 Million in FY 2019-20 to ₹ 3,330 Million in FY 2020-21. The retail, enterprises and Government segments accounted for 82% and 18% of the revenue respectively. The performance is commendable as during the initial part of the year, business was severely impacted due to lockdown imposed as a result of the COVID-19 pandemic. As restrictions in economy were lifted, business continued to recover sequentially during the year. Recovery in the retail segment was stronger with 24% increase in revenue, while the enterprise segment grew by 9%. In the retail segment in Q4 of FY 2019-20, due to lockdown and non-availability of transport facilities, revenue in this segment was significantly impacted and revenue worth ₹ 280 Million was pushed to the next financial year, which is being considered in FY 2020-21. In case of enterprise segment in first two quarters of the year, Government spending was less, and SME segment also faced some liquidity pressure.

The number of licences sold by the retail segment grew at an impressive rate of 34% to 6,247 thousand, while it increased by 8% for enterprises and Government segments to 1,058 thousand.

OTHER INCOME

Other income represents income covering heads such as interest on bank deposits, dividend income on investments, gain on value of investments, gain on sale of assets and miscellaneous income. This income was ₹ 241.61 Million for FY 2020-21, as compared to ₹ 315.96 Million for FY 2019-20, a decline of 24%. This reduction in other income is mainly on account of reduction in treasury yields for the whole year compared to last year due to the pandemic's effect on financial market and related gains. In view of the pandemic situation, there was also reallocation of investments and the investments were parked in fixed deposits for some part of the year where returns were lower.

OPERATING EXPENSES

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

EMPLOYEE BENEFITS EXPENSES

The Company's employee benefits expenses amounted to ₹ 1,147.44 Million in FY 2020-21, as compared to ₹ 1,014.19 Million in FY 2019-20, an increase of 13.1%. The total number of employees increased to 972 as at the end of FY 2020-21 compared to 942 as at the end of FY 2019-20.

Employee benefit cost was up mainly on account of increased headcount, change in the overall pyramid structure, and marginally higher outsourcing cost coupled with annual increments.

Of the above, R&D employees formed the largest part, being at 36% of the overall numbers, followed by Sales & Marketing at 30%, Technical Support at 21% and balance 13% of employees belonging to various enabling and other support functions.

WEB PUBLISHING CHARGES

The Company's web publishing charges were ₹ 13.68 Million in FY 2020-21, as compared to ₹ 18.08 Million in FY 2019-20, a decrease of 24.3%. The decrease in value was mainly on account of optimisation of usage of bandwidth and further rate negotiation done with the vendors.

TECHNOLOGY SUBSCRIPTION CHARGES & FEES FOR TECHNICAL SERVICES

Technology subscription charges and fees for technical services stood at ₹ 61.06 Million in FY 2020-21, as compared to ₹ 64.55 Million in FY 2019-20. The small reduction was due to in-house development of some of the activities during the year as well as better negotiations of software prices.

The Company uses such technology acquisition for its R&D department. During the year, the Company continued to optimise this overall cost. Such cost is charged off by the Company.

RENT

The Company's rent expenses amounted to ₹ 15.28 Million in FY 2020-21, as compared to ₹ 15.66 Million in FY 2019-20, a marginal decrease of 2.4%.

RATES AND TAXES

The Company's rates and taxes amounted to ₹ 11.89 Million in FY 2020-21, as compared to ₹ 8.89 Million in FY 2019-20, an increase of 33.7%. This was mainly on account of impact of few of the GST costs post finalisation of the annual GST audit.

INSURANCE

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

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

During the year, the insurance cost amounted to ₹ 3.73 Million in FY 2020-21, as compared to ₹ 4.55 Million for FY 2019-20, a decrease of 18.0%.

The decrease was mainly on account of better negotiations of insurance premiums with various insurance service providers.

REPAIRS AND MAINTENANCE

The Company's total repairs and maintenance expenses amounted to ₹ 31.75 Million for FY 2020-21, as compared to ₹ 26.81 Million in FY 2019-20, the increase of 18.4%. This increase was on account of a few repairs undertaken for old buildings in the Company asset book.

BUSINESS PROMOTION AND ADVERTISING AND SALES PROMOTION EXPENSES

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

During the year, business promotion expenses decreased to ₹ 21.47 Million for FY 2020-21 from ₹ 171.67 Million for FY 2019-20, a decrease of 87.5%.

Advertising expenses amounted to ₹ 204.71 Million in FY 2020-21, as compared to ₹ 142.41 Million in FY 2019-20, an increase of 43.8%.

With the pandemic prevailing during the entire financial year, most of the BTL ground activities were not possible during the year. The Company was also not able to conduct various dealer meets pan-India as well as in a few of the overseas locations, which the Company used to do every year. There was also reduction in CIO and other meets, which the Company used to conduct for its enterprise customers. However, the Company was able to conduct a few of its marketing events in some part of H2 when things started returning to normal.

TRAVELLING AND CONVEYANCE EXPENSES

The travelling and conveyance amounted to ₹ 13.36 Million in FY 2020-21, as compared to ₹ 29.83 Million for FY 2019-20, a decline of 55.2%. This reduction was mainly on account of restrictions in travelling due to the pandemic.

COMMUNICATION EXPENSES

Communication expenses amounted to ₹ 72.50 Million for FY 2020-21, as compared to ₹ 60.27 Million for FY 2019-20, an increase of 20.3%.

The increase was mainly on account of increase in cost for a few lease lines and virtual communication platform charges.

OFFICE EXPENSES

Office expenses decreased to ₹ 28.24 Million for FY 2020-21, as compared to ₹ 39.17 Million for FY 2019-20, a decrease of 27.9%.

This decrease was mainly because most of the Company premises were shut down due to the pandemic in most parts of the year.

LEGAL AND PROFESSIONAL FEES

The Company's legal and professional fees for FY 2021 was ₹ 93.31 Million, as compared to ₹ 97.83 Million for FY 2020-21, a decrease of 4.62% over the previous year.

The marginal reduction was on account of optimum utilisation of professional services and restructuring of fees for a few consultants.

PROVISION FOR DOUBTFUL DEBTS AND ADVANCES/BAD DEBTS WRITTEN OFF

During the year, the provision for doubtful debts and bad debts was ₹ -3.28 Million, as compared to ₹ 64.11 Million for FY 2019-20.

There was significant reduction in this cost during the year. This decline was on account of doubtful debts provision for few of our dealers in the retail segment. It was made in the last year on conservative basis, which was partially recovered in the current year.

MISCELLANEOUS EXPENSES

During the year, the miscellaneous expenses came down to ₹ 16.34 Million in FY 2020-21, as compared to ₹ 16.72 Million in FY 2019-20, a marginal decrease of 2.27%.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA (excluding other income) was ₹ 1,414.63 Million for FY 2020-21, as compared to ₹ 913.92 Million for FY 2019-20, an impressive growth of 54.8% on YoY basis. The EBITDA margin increased by 1,054 bps to 42.5% for FY 2020-21 compared to 31.9% for FY 2019-20. The overall increase in EBITDA was primarily on account of increase in revenue and movements in a few of the major expenses explained above.

INTEREST

The Company does not have interest expenses, as it does not have any debt on its balance sheet.

DEPRECIATION

Depreciation expense amounted to ₹ 194.87 Million for FY 2020-21, as compared to ₹ 216.77 Million for FY 2019-20, a decline of 10.1%. The reduction was mainly on account of no major additions made to the asset block during the year and the written down value method of depreciation followed by the Company.

PROFIT AFTER TAX

Profit After Tax amounted to ₹ 1,069.80 Million for FY 2020-21, as compared to ₹ 744.11 Million in FY 2020 registering a growth of 43.76%.

EQUITY

Total equity remained nearly unchanged at ₹ 642.07 Million, as on March 31, 2021, as against ₹ 642.03 Million, as on March 31, 2020.

RETAINED EARNINGS

During the year, Retained Earnings increased to ₹ 5,778.87 Million, as on March 31, 2021, as compared to ₹ 4,707.81 Million, as on March 31, 2020.

PROPERTY, PLANT AND EQUIPMENT (PPE) AND INTANGIBLE ASSETS

During the year, PPE (excluding CWIP) balances decreased to ₹ 1,404.67 Million, as of March 31, 2021, from ₹ 1,485.09 Million, as of March 31, 2020. The reduction was mainly on account of depreciation charged for the year and some additions to fixed assets during the year. Intangible assets decreased to ₹ 52.81 Million, as of March 31, 2021, from ₹ 99.81 Million, as of March 31, 2020, mainly on account of full year of amortisation for software purchased in the earlier year.

NON-CURRENT FINANCIAL ASSETS

The investment under non-current financial assets as on March 31, 2021, stood at ₹ 322.00 Million, as compared to ₹ 353.32 Million, as on March 31, 2020. This is mainly on account of a few of the long-term investments due for maturity and hence classified as current financial assets as of year-end.

INCOME TAX ASSETS (NET)

The income tax assets (net) as on March 31, 2021, were ₹ 121.49 Million, as compared to ₹ 167.92 Million on March 31, 2020. The reduction was mainly on account of a few refunds received during the year post completion of the assessments.

CURRENT FINANCIAL ASSETS

INVESTMENTS

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

As on March 31, 2021, the total investment stood at ₹ 3,833.10 Million, as compared to ₹ 2,745.22 Million as on March 31, 2020, showing an increase of 39.6% in the Company's treasury size.

TRADE AND OTHER RECEIVABLES

The trade and other receivables stood at ₹ 1,506.30 Million, as on March 31, 2021, compared to ₹ 1,131.62 Million, as on March 31, 2020. The receivables days increased to 150 days, as on March 31, 2021, as compared to 136 days as on March 31, 2020.

The rise in receivable days was mainly due to strong sales booking in last quarter of the year as well as liquidity issues with a few of our retail dealers due to the pandemic where collections are delayed. However, the Company will continue to maintain financial discipline and focus and expect the debtor days to remain in the range of 135 to 145 days in the longer run.

OTHER CURRENT ASSETS

The Company's other current assets amounted to ₹ 68.18 Million, as of March 31, 2021, as compared to ₹ 24.13 Million, as on March 31, 2020. The increase is mainly on advances paid to a few of our suppliers for various media projects at the end of the year.

DIVIDEND

Total dividend paid in FY 2020-21 was NIL vs ₹ 464.86 Million in FY 2019-20.

10. RISKS & CONCERNS

10.1. RAPIDLY EVOLVING MARKET NEEDS AND NEW TECHNOLOGY DEVELOPMENTS

As we enter a new year, security especially in the cyber realm, has become increasingly more complex. This is likely to grow considerably as we move into 2020, due to two reasons, financial gain by organised criminals and the disruption that can be caused through this activity from countries with certain political agendas.

IT security threats are ever-evolving and we need to keep upgrading our products on timely basis. Any delays in the introduction of such new solutions, updates, enhancements and features for effectively protecting end users against new security threats, can impact our competitive position, product reputation, and business prospects. Our products compatibility with variety of hardware, software applications, operating systems and networking protocols is important for our products and solutions to be adopted by customers. Quick Heal lays strong emphasis on continuous investments in research & development to ensure that the latest evolving threats are addressed through timely updates and features introduced to the users. During FY 2020-21, the R&D investments made by the Company were around 19% of total revenues respectively. It has a strong R&D team of approximately 356 people of the total employee strength working on identifying new threats and devising new solutions and features across retail and enterprise and Government segments.

The Covid-19 pandemic is accelerating mid-market and large enterprises' adoption towards WFH and hence the solutions like zero trust network access, zero trust application access are becoming the key drivers for such customer needs, along with giving rise to data privacy which is a key element to address compliance issues of the enterprise customers. ZTNA, ZTAA, data privacy among others are becoming the need of the hour and we are on our way to build solutions around it. By the next financial year, we should be in a better position to capitalise on it. This fiscal was purely to focus on building it and seeding the market.

10.2. INTENSE COMPETITION FROM GLOBAL AND DOMESTIC ANTI-VIRUS SOLUTION PROVIDERS

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

Quick Heal is currently the market leader in the retail segment and in addition to metros, we also have strong presence in Tier II and Tier III cities. Compared to global players in India, we have much wider depth and distribution reach through our expansive partner network. Unlike other brands, we do not operate on 'National Distributor' model but have built a strong reach with direct distributors and T1 partners across the length and breadth of the country. Further, our consistent marketing efforts, partner/retailer influence and promotional activities help us in converting and attracting new customers. Our superior customer support is our largest differentiator. We provide multi-lingual end user support in English, Hindi and several other major regional Indian languages and multi-modal support to users through phone, email, SMS, online chat, support forum and remote access.

Quick Heal has good market share in the SMB market segment and positions its comprehensive Seqrite portfolio in this segment. We also aspire to grow into the mid-enterprise market segment. The presence of established global players in the enterprise and Government segment poses challenge for the Quick Heal's business growth. However, our 27+ years legacy, broad product portfolio, local R&D presence, deep intelligence of threat landscape, distributed sales, technical support, should give us an edge in competition.

One of the core challenges other than the competition in mid-market and large enterprises is listing of our products on various analyst ratings, like Gartner Magic Quadrant, NSS labs/EAL certifications. It is challenging for vendors if they don't have such visibility.

10.3. OUR BUSINESS GROWTH DEPENDS ON THE PARTNER ECOSYSTEM

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

Seqrite, the Enterprise BU, is moving towards a customer-centric approach. This brings in less dependency on partners, and in fact with this model, partners are more collaboratively working with us to enhance deals and deal sizes. With a growing partner ecosystem, one of the key elements is to refresh with new technologies that is in line to customer needs and we need to provide them disruptive technologies ahead of the times before competition gives them.

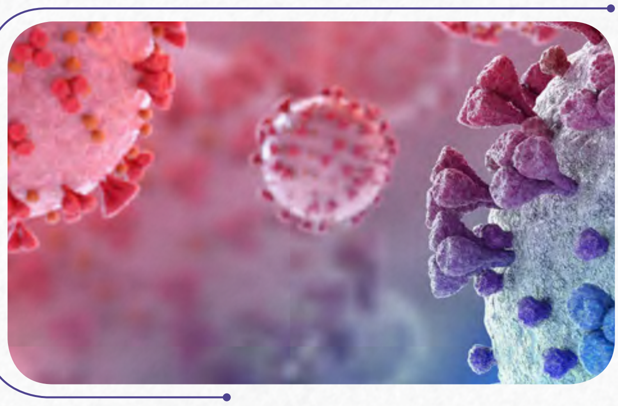
10.4. EXPOSURE TO HIGH CREDIT RISK

AV retail industry predominantly works on Stock and Sell model. This being a hypercompetitive industry, heavy stocking at all levels plays a pivotal role in driving market share. We rely significantly on our channel partners to sell and support our solutions and we expect that sales through our channel partners will continue to account for a significant percentage of our revenues. Slowness in the end-user market, especially during the pandemic, has negatively affected the cash flow of our channel partners, distributors and resellers. We typically offer our channel partners around 30-60 days of credit, which incidentally has gone up substantially on debtor's days because of this impact. The credit exposure in the market is quite high and it is a potential threat in the given circumstances. However, we maintain strict control over the credit exposure and take all due precaution in assessing the credit worthiness of our partners to mitigate this risk. The sales team as well continuously works very closely with the entire partner ecosystem to ensure faster sales turnaround and timely collection. To further mitigate the risk, we have increased our T1 partner strength by 28% last year, while appointing many distributors in Tier II and upcountry geographies. Similarly, our T2 sub-distributor count has almost doubled in the last one year leading to a strong infra build up across the country. The sales automation deployment has also helped in further building the efficiency and performance of the entire retail business.

For enterprise business, today we have a risk of chasing many platinum partners and accounts receivables could be at risk, as we have to go after many partners. To minimise this risk we are recruiting national distributors that will help us to reduce the credit risk, as they will act as aggregators and every Tier II partner has credit terms with distributors. Hence no impact to us. Distributors will reduce our credit risks drastically.

10.5 CHALLENGE TO PROTECT OUR PROPRIETARY TECHNOLOGY AND INTELLECTUAL PROPERTY RIGHTS

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



10.6 CHALLENGES WITH RESPECT TO COVID-19 PANDEMIC

There would be slowdown at least in H1 2021-22 in the enterprise business due to the Covid 19 pandemic.

- State-wise lockdown has severely impacted industries such as Manufacturing, Export/Import, Automobiles, Shipping, Construction, Tours and Travels, Aviation, IT/ITES in a complete economic downscale. At this point in time, they have fixed costs and they are downsizing the budgets to sustain those fixed costs

- Education sector is shut, and we had higher stakes with this sector, they may come up fast in the next quarter but for this quarter there won't be any activity in terms to utilise the funds for CAPEX or OPEX. All funds across all the state governments are blocked and there is no clarity on what the next step of action will be
- All funds to be utilised only for emergency and essential services. Many state governments have given a clear directive that state departments will utilise the funds for salaries and no other expenses to be done, if someone does it, it would be considered as non-compliance
- Cash liquidity issue due to which order approvals are taking time causing delay in sales cycles and procurement is not a priority for enterprises
- Customers are least interested to evaluate new products and technology as they are working from home
- Uncertainty and unpredictability are key factors that's holding most of the industry from discussions related to purchase and investment

We may overcome all the above mentioned situations faster once the vaccination drive picks up and restrictions on movement gets eased.

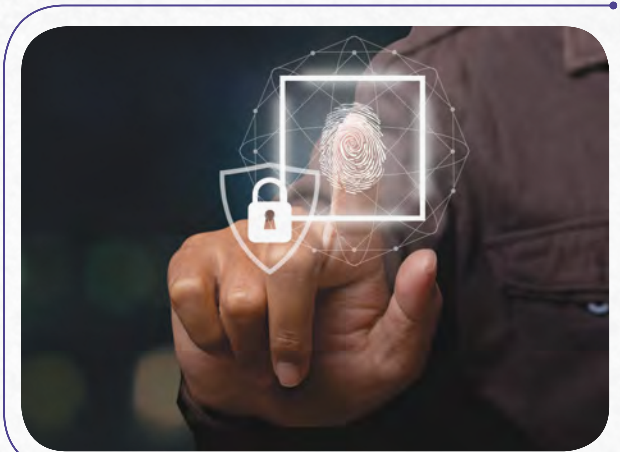
In retail business, 80% of the contribution comes from the offline brick and mortar distribution channel. Our dependency on the channel sales is extremely high. Due to the ongoing pandemic, there has been a considerable loss in sales and the overall business has shrunk by 48% against a normal year. The liquidity situation in the market is extremely poor and the complete payment cycle has come to a standstill. However, as an organisation we are working very rapidly in adapting to the changed environment. Teams continued to work from home in the initial two months and have ensured business continuity while focusing on renewal revenue. Business is gradually moving towards normalcy with the markets slowly opening and movement restrictions easing. Our in-house sales portal have as well witnessed reasonable jump in volumes with the internal online teams working seamlessly to serve the customer. However, the overall risk on market credit exposure and loss of revenue is evident for the near future.

11. INTERNAL CONTROL AND SYSTEMS

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

12. CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Quick Heal Technologies Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of Quick Heal Technologies Limited's Annual Report 2020-21.



NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of **Quick Heal Technologies Limited** will be held on Friday, August 06, 2021 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Financial Statements:**

   To receive, consider and adopt

   (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and the Auditors thereon; and

   (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon

2. **To declare Dividend on equity shares**:

   To declare a final dividend of ₹ 4/- per equity share of face value ₹ 10/- each for the year ended March 31, 2021.

3. **Appointment of Mr. Shailesh Lakhani as a director liable to retire by rotation**:

   To appoint a director in place of Mr. Shailesh Lakhani (DIN: 03567739), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Mr. Bhushan Nilkanth Gokhale as an Independent Director**:

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149,152and161readwithScheduleIVandotherapplicable provisions, if any, the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Bhushan Nilkanth Gokhale (DIN: 01493276), who was appointed as an Additional, Non-executive, Independent Director by the Board of Directors of the Company with effect from August 12, 2020 and who holds office up to the date of this Annual General Meeting, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to August 11, 2025."

5. **Ratification of Remuneration of Cost Auditor:**

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

   "RESOLVED THAT, pursuant to the provisions of section 148, Rule 3 of Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions, if any, of the Act read with rules made there under, as amended from time to time, the Members hereby ratify the remuneration of ₹ 73,500/- (Rupees Seventy Three Thousand Five Hundred) for FY 2021-22 plus applicable taxes and out of pocket expenses at actuals to the Cost Auditors M/s Bhavesh Marolia & Associates for conducting the audit of cost records maintained by the Company"

By Order of the Board of Directors
For **Quick Heal Technologies Limited**

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

Place: Pune
Date: May 15, 2021

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

NOTICE (Contd.)

NOTES

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated January 13, 2021 read with circulars dated May 05, 2020, April 08, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), LODR and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

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

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

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

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

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

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

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

9. The Register of Members and Share Transfer Books shall remain closed from Saturday July 31, 2021 to Friday, August 06, 2021 (both days inclusive), for the purpose of AGM.

10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Registrar of the Company (Link Intime).

11. 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.

12. 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.

13. 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 Act will be available for inspection by the Members at AGM.

14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.quickheal.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Link Intimehttps://instavote.linkintime.co.in

NOTICE (Contd.)

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

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

17. **Procedure and instructions relating to e-Voting:**

    The voting period begins on August 03, 2021 at 12:01 AM (IST) and ends on August 05, 2021 at 5:00 PM (IST). During this period Members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 30, 2021 may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter.

Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 09, 2020:

Pursuant to SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. • After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.

NOTICE (Contd.)

<table>
<tr><th>Type of shareholders</th><th>Login Method</th></tr>
<tr><td></td><td>
• If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration

• Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
</td></tr>
<tr><td>Individual Shareholders (holding securities in demat mode) & login through their depository participants</td><td>
• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.

• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
</td></tr>
<tr><td>Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.</td><td>
1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

▶ Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

• Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

▶ Click "confirm" (Your password is now generated).

2. Click on 'Login' under 'SHARE HOLDER' tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.
</td></tr>
</table>

NOTICE (Contd.)

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutiniser to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINK INTIME, have forgotten the password:

- o Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- o Enter **User ID,** select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on **'Submit'.**

- In case shareholders/ members are having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & e-voting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at https://instavote.linkintime.co.in, under **Help** section or send an email to enotices@linkintime.co.in or contact on: Tel: 022 –4918 6000.

Process and manner for attending the Annual General Meeting through InstaMeet

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in
   - ▶ Select the **"Company"** and **'Event Date'** and register with your following details: -
     - **A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
       - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
       - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
       - Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company

NOTICE (Contd.)

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

  Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the AGM through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the Company on cs@quickheal.co.in.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the Company.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panelist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.
6. Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the AGM through InstaMeet:

Once the electronic voting is activated by the scrutiniser/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the AGM through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the AGM will be eligible to attend/ participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

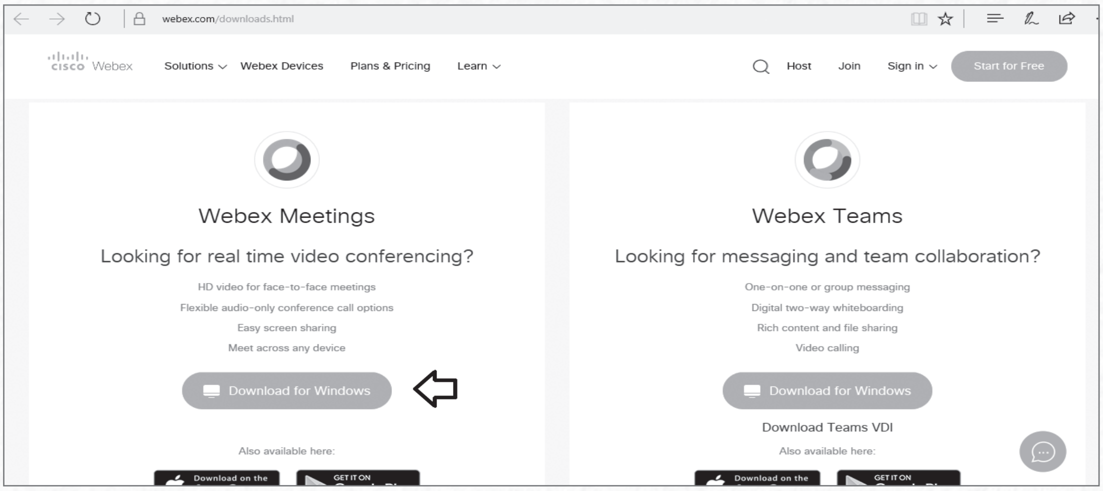
NOTICE (Contd.)

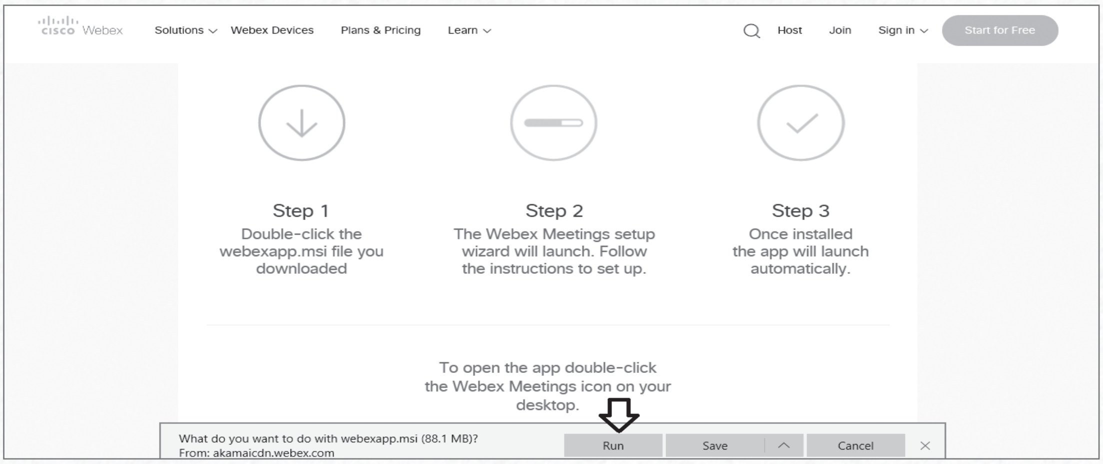
ANNEXURE

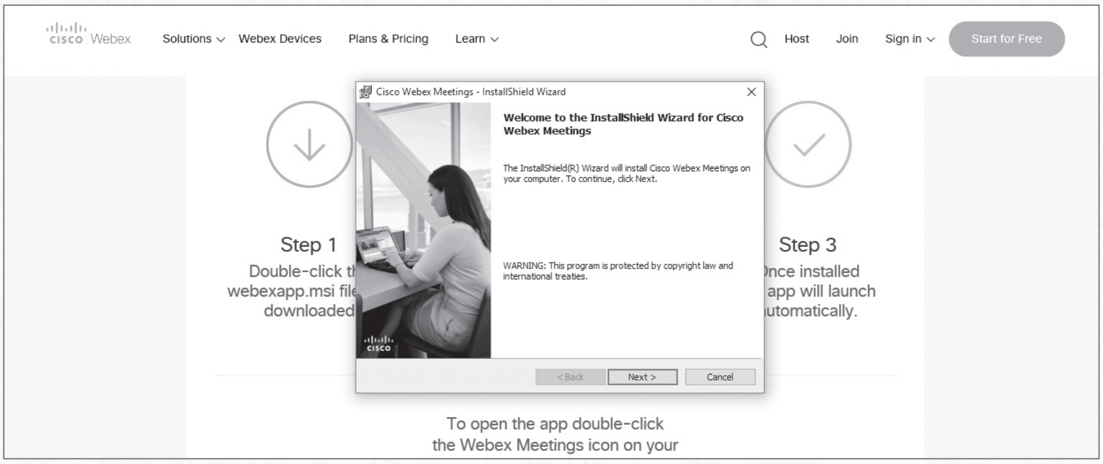
Guidelines to attend the AGM proceedings of Link Intime India Private Limited: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Private Limited InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

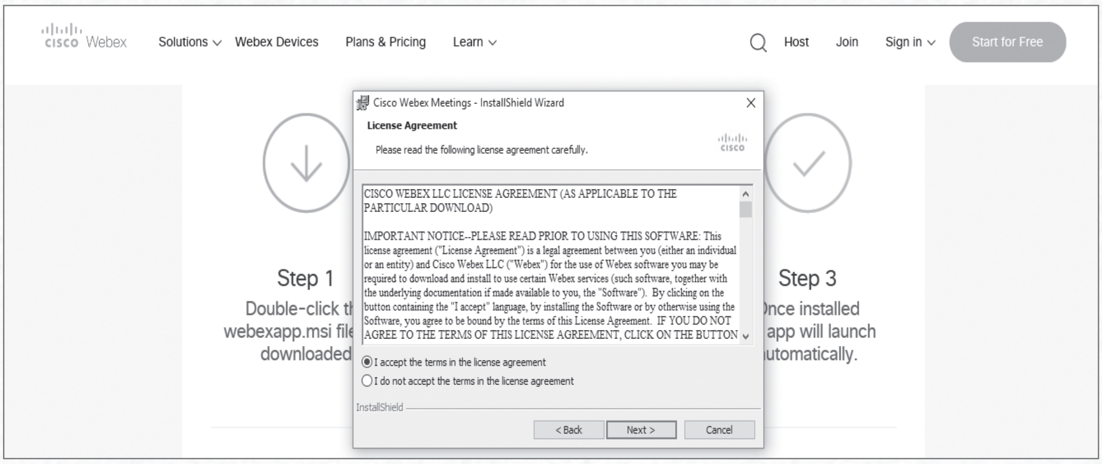
a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/



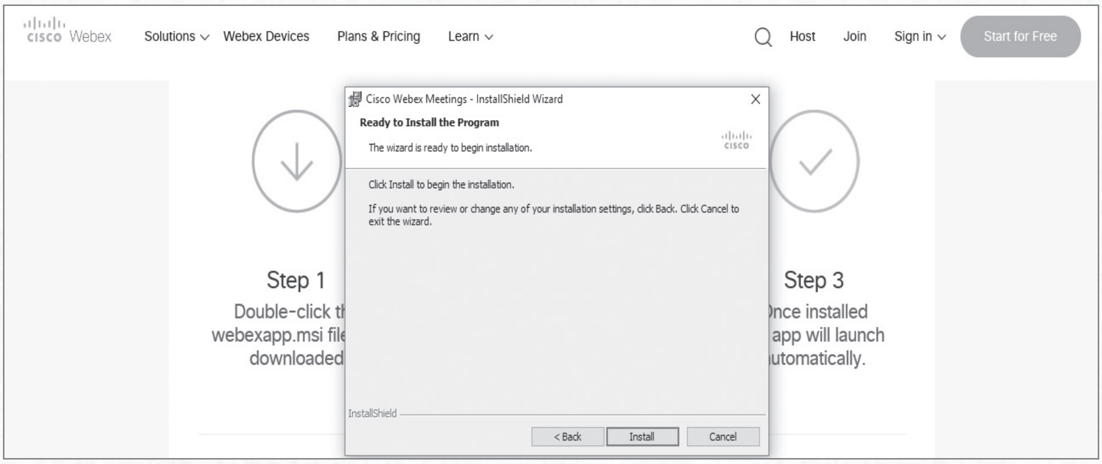




NOTICE (Contd.)



Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now



or

b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

NOTICE (Contd.)

Tax on Dividend

Final dividend for the financial year ended March 31, 2021, as recommended by the Board of Directors, if approved by the members at the AGM, will be paid on or after Wednesday, August 11, 2021, to those members whose names appear on the Register of Members as on Friday, July 30, 2021.

Members holding shares in electronic form are hereby informed that bank particulars registered with their respective Depository Participants (DP), with whom they maintain their demat accounts, will be used by the Company for payment of dividend.

Members holding shares in physical/electronic form are required to submit their bank account details, if not already registered, as mandated by SEBI.

Members holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participant(s) and shareholders holding shares in physical mode shall send a duly signed request letter to our RTA; Link Intime India Pvt. Limited, 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411001mentioning the name, folio no., bank details, self-attested PAN card and original cancelled cheque leaf. In case of absence of name of the first shareholder on the original cancelled cheque, bank attested copy of first page of the Bank Passbook/Statement of Account along with the original cancelled cheque shall be provided.

In case the Company is unable to pay the dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrants to such Member by post.

Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after April 01, 2020, shall be taxable in the hands of the Members and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of Members in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the valid documents submitted by them and accepted by the Company.

a. All Members are requested to ensure that the below information & details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository Participant(s); or in case of shares held in physical form, with the RTA; Link Intime India Pvt. Limited, on or before the Record Date i.e. Friday, July 30, 2021.

Please note that the following information & details, if already registered with the RTA and Depositories, as the case may be, will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

I. Valid Permanent Account Number (PAN)*.

II. Residential status as per the Income Tax Act i.e. Resident or Non-Resident for FY 2021-22.

III. Category of the Member viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, Foreign Company, Overseas Corporate Bodies, etc.

IV. Email Address.

V. Residential Address.

**If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN. Further as per the Notification of Central Board of Direct Taxes, individual shareholders are requested to link their Aadhar number with PAN.*

b. For Resident Shareholders, TDS is required to be deducted at the rate of 10% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the financial year 2021-22 provided valid PAN is registered by the Shareholder. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% Section 206AA of the Income Tax Act, 1961.

However, in case the dividend is not exceeding ₹ 5,000/- in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. If any resident individual shareholder is in receipt of Dividend exceeding ₹ 5,000/- in a fiscal year, entire dividend will be subject to TDS @ 10%.

Even in the cases where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

NOTICE (Contd.)

c. For Non-resident shareholders [Including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)], the TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 195 or 196D of the Income Tax Act, 1961, as the case may be. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them.

   For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

   I. Self-attested copy of the PAN allotted by the Indian Income Tax authorities

   II. Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident;

   III. Self-declaration in Form 10F; and

   IV. Self-declaration in the attached format certifying:

   - Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2021-22;
   - Shareholder is eligible to claim the beneficial Double Taxation Avoidance Agreement (DTAA) rate for the purposes of tax withholding on dividend declared by the Company;
   - Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
   - Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
   - Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2021-22.

d. The draft of the aforementioned documents may also be accessed from the Company's website at https://www.quickheal.co.in/investors.

f. Submission of tax related documents: Resident Shareholders The aforesaid documents such as Form 15G/15H, documents under Sections 196, 197A, etc. can be uploaded on the link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Friday, July 30, 2021 to enable the Company to determine the appropriate TDS/withholding tax rate applicable. Any communication on the tax determination/deduction received post Friday, July 30, 2021 shall not be considered.

   Shareholders can forward scanned copies of the documents mentioned above at the email id pune@linkintime.co.in **only in case they are unable to upload forms through the link**

   Non-Resident Shareholders (Process for Resident and NRI should be one and the same.)

f. These documents should reach us on or before Friday, 30th July, 2021 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post Friday, July 30, 2021.

g. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

h. We shall arrange to email the soft copy of TDS certificate at your registered email ID in due course, post payment of the dividend.

i. The Finance Act, 2021 has introduced Section 206AB of the Act w.e.f. July 01 2021, whereby tax would be required to be deducted at twice the applicable rate in respect of any sum or amount or income paid or payable or credited to a 'specified person'.

Further, the Act defined 'specified person' to mean:

- A person who has not filed returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted and the time for filing tax return under section 139(1) of the Act has expired for both these assessment years; and
- aggregate of tax deducted at source and tax collected at source in his/her case is ₹ 50,000/- or more in each of these two previous years.

However, the aforementioned withholding at higher rate shall not apply to a Non-Resident who does not have a Permanent Establishment / fixed base in India. Accordingly, a Non-Resident should submit a No Permanent Establishment declaration (as referred above).

NOTICE (Contd.)

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

ITEM No. 4: APPOINTMENT OF INDEPENDENT DIRECTOR:

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution dated August 10, 2020 to appoint Mr. Bhushan Gokhale as an Additional, Non-Executive, Independent Director of the Company under the provisions of the Act w.e.f August 12, 2020. As per the said resolution, the term of appointment of Mr. Bhushan Gokhale expires on the date of this AGM. It is proposed to ratify the appointment of Independent Director for term of 5 years i.e. from August 12, 2020 to August 11, 2025, Pursuant to the provisions of Section 149 and other applicable provisions of the Act an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

The Company has received a declaration from Mr. Bhushan Gokhale confirming that he meets the criteria of independence under Act and LODR. Further, the Company has also received Mr. Bhushan Gokhale's consent to act as a Director in terms of section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. In the opinion of the Board of Directors, Mr. Bhushan Gokhale fulfils the conditions specified in the Act and the rules made thereunder, for his reappointment as an Independent Director of the Company and is independent of the management.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member proposing the candidature of Mr. Bhushan Gokhale to be ratified as an Independent Director as per the provisions of the Act. Copy of draft letter of appointment of Mr. Bhushan Gokhale setting out the terms and conditions of appointment shall be available for inspection by the Members at the registered office of the Company.

Mr. Gokhale had actively participated in the meetings and gave timely inputs on the minutes of meetings. He adhered to the ethical standards & code of conduct of the Company and disclosed his non- independence as and when it exists and also disclosed his interest. He raised valid concerns to the Board and contributed to resolution of issues at meetings. He have good Interpersonal relations with other directors and management. He understands the Company and the external environment in which it operates and contributes to strategic directions.

Except Mr. Bhushan Gokhale, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolutions set out at item No. 4.

A brief profile of Mr. Bhushan Gokhale, Independent Director of the Company, is given below:

Mr. Gokhale was a Graduate of the Defence Services Staff College, M.Sc., Fellow of the Aeronautical Society of India. Upon his retirement as Vice Chief of Air Staff in 2007, Air Marshal (Retd) Bhushan Nilkanth Gokhale [PVSM, AVSM, VM] has served various prestigious roles. He was appointed as the Independent Security Advisor in the Ministry of Home Affairs. He has served as Consultant to the Principle Scientific Adviser to the Government of India and Defence Research & Development Organisation (DRDO). Mr Gokhale was also a part of the National Security Council and a visiting Member to the Union Public Service Commission (UPSC). Moreover, he has served as a nominated Member on the Boards of two Defense PSUs, namely Bharat Electronics Limited and Bharat Dynamics Limited New Delhi. Presently, he is acting as an Independent Director on the Board of Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA).

Some of the other notable roles include Member of the All India Council for Technical Education (Western Region); Founder and Trustee of Pune International Centre; Chairman, Civil Aviation Committee at MCCIA and Director of Centre for Advanced Strategic Studies, Pune. He has also been honoured as Paul Harris Fellow by the Rotary Foundation.

Air Marshal Gokhale is the Chairman of the Maharashtra Education Society and Maharashtriya Mandal Education Society. He has also served on the Governing Councils of Deccan College, Pune and the Defence Institute of Advanced Technology, Khadakwasla, Pune. He is presently a member of Symbiosis Planning and Monitoring Board and on the Governing Council of Symbiosis Institute of Management Studies

ITEM NO 5: RATIFICATION OF REMUNERATION OF COST AUDITORS:

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

M/s. Bhavesh Marolia & Associates, Cost Accountants ("Firm"), has been conducting the audit of the cost accounting records of the Company for the past few years. The Firm has, as required under Section 141 of the Act, confirmed its eligibility to conduct the audit of the cost accounting records

NOTICE (Contd.)

of the Company for FY 2021-22 and have consented to act as the Cost Auditor of the Company. At the recommendation of the Audit Committee, the Board of Directors at its Meeting held on May 15, 2021, approved the appointment of M/s. Bhavesh Marolia & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for FY 2021-22 at a remuneration of ₹ 73,500/- for the financial year plus applicable government taxes and out of pocket expenses. Section 148 (3) of the Act read with Rule 14 of the Companies (Audit and Auditor) Rules, 2014, requires that the remuneration payable to the Cost Auditors should be ratified by Members of the Company. Accordingly, ratification by the Members is sought for the remuneration payable to the Cost Auditors.

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

By Order of the Board of Directors
For **Quick Heal Technologies Limited**

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

Place: Pune
Date: May 15, 2021

NOTICE (Contd.)

Annexure to the Notice

Details of Directors seeking Appointment at the Annual General Meeting

Particulars	Mr. Shailesh Lakhani	Mr. Bhushan Gokhale
Date of Birth	September 16, 1978	December 12, 1947
Date of Appointment	September 24, 2015	August 12, 2020
Qualifications	Bachelor's degree in applied science (Computer Engineering) from university of Waterloo and a Master's degree in business administration from Howard Business School	Graduate of the Defence Services Staff College, M.Sc. Fellow of the Aeronautical Society of India
Expertise in specific functional areas	Global Business, Corporate Governance, Financial Management, Mergers & Acquisitions, Securities Market Expert, Business Strategy	Strategy, General Management, Administration, Human Resources
Number of shares held in the Company	Nil	Nil
List of directorships held in other companies *	1. Bright Lifecare Private Limited 2. Sequoia Capital India Advisors Private Limited 3. A&A Dukaan Financial Services Private Limited 4. Le Travenues Technology Private Limited 5. Girnar Software Private Limited 6. Epifi Technologies Private limited 7. 1MG Technologies Private Limited 8. Wickedrive Adventure Services Private Limited 9. Soul Vision Creations Private Limited 10. Istar Skill Development Private Limited 11. Zetwerk Manufacturing Businesses Private Limited 12. Smartshift Logistics Solutions Private Limited	Mahratta Chambers of Commerce Industries and Agriculture
Number of Board Meetings attended during 2020-2021	5 of 5	3 of 3
Chairperson/Member in the Committees of the Boards of companies in which she/he is a director	Nil	Stakeholders Relationship Committee
Relationships directors inter se	None	None
Remuneration last drawn (Including sitting fee & commission)	Nil	₹ 0.71 Million

**Based on disclosures received from the respective Directors.*

DIRECTORS' REPORT

Dear Members,
Quick Heal Technologies Limited

The Board of Directors of your Company is pleased to present the 26th Annual Report along with the audited financial statements, for the financial year ended March 31, 2021.

1. FINANCIAL RESULTS:

(₹ in Million)

Particulars	Consolidated		Standalone	
	FY 2020-2021	FY 2019-2020	FY 2020-2021	FY 2019-2020
Revenue from Operations (Net)	3,330.44	2,861.38	3,335.28	2,834.04
Other Income	241.61	315.96	239.37	313.41
Total Income	**3,572.05**	**3,177.34**	**3,574.65**	**3,147.45**
Profit Before Tax (after exceptional items)	**1,461.37**	**1,013.11**	**1,458.37**	**1,004.40**
Total Tax	391.57	269.00	390.43	268.01
Profit After Tax	**1,069.80**	**744.11**	**1,067.94**	**736.39**

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

2. BUSINESS OPERATIONS AND OUTLOOK

Your Company recorded a total income of ₹ 3,572.05 Million for FY 2020-21 as against ₹ 3,177.34 Million in FY 2019-20 resulting in an increase of 12.42% in the total income during the year under review on consolidated basis. The Profit after Tax of the Company was increased by 43.76% from ₹ 744.11 Million in FY 2019-20 to ₹ 1,069.80 Million in the year under review.

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

3. DIVIDEND

The Board of Directors of your Company have recommended a final Dividend @ 40% i.e. ₹ 4/- per equity share, for FY 2020-21. The payment of aforesaid Dividend is subject to the approval of the Members at the ensuing Annual General Meeting.

In accordance with Regulation 43A of the LODR the Company has formulated a Dividend Distribution Policy. The dividend declared and/or paid by the Company for FY 2020-21, is in compliance with the Dividend Distribution Policy. The dividend payout ratio is 24.05% (pre-buyback) of the standalone profits of the Company as on March 31, 2021. The Dividend Distribution Policy of the Company is hosted on the website of the Company and can be viewed at https://www.quickheal.co.in/documents/investors/Dividend-Distribution-Policy-21.pdf

4. BUYBACK OF EQUITY SHARES

The Board, at its meeting held on March 10, 2021, approved a proposal of the Company to buyback its fully-paid-up equity shares of face value ₹ 10/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹ 1,550 Million. The shareholders approved the proposal of buyback of equity shares through the postal ballot and e-voting that concluded on April 18, 2021. The buyback offer comprised a purchase of 63,26,530 equity shares aggregating 24.09% of the paid-up equity share capital and free reserves as per the audited financial statements of the Company as on March 31, 2020 (i.e. being the latest audited financial statements available as on the date of the Board Meeting considered proposal for Buyback), on a standalone basis at a price of ₹ 245/- per equity share. The buyback will be offered to all eligible equity shareholders (including those who became equity shareholders as on the record date of the Company (i.e. May 03, 2021) on a proportionate basis through the 'Tender offer' route. In this regard, the Promoters have expressed their intention to participate in the buyback *vide* their letters dated March 15, 2021 and may tender up to an aggregate maximum of 46,06,978 Equity Shares or such lower number of equity shares in accordance with the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. The Company had filed the draft letter of offer with Securities and Exchange Board of India (SEBI) on April 27, 2021. Further, the Company has received final SEBI observations on the Draft Letter of Offer, and shall be

DIRECTORS' REPORT (Contd.)

dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date i.e. May 03, 2021, on or before May 21, 2021.

5. TRANSFER OF PROFITS TO RESERVES

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

6. PUBLIC DEPOSITS

During the year under review, your Company did not accept any deposits under section 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

7. REPORT ON PERFORMANCE OF SUBSIDIARIES

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

8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements ("CFS") of your Company along with its subsidiaries as at March 31, 2021 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 LODR and form a part of this Annual Report. The Auditors' Report on the CFS is also attached, which is unmodified.

9. INVESTMENTS & ACQUISITIONS

a) During the year your Company made a strategic investment to the tune of USD 2 Million in L7 Defense Limited which is an Israel-based API Security Start-up Company. It's proprietary Ammune™ AI technology autonomously inline protects from cyber-attacks, in a very high precision. This investment will mark Quick Heal's foray into the fast- growing NG-WAF and API Security Market and expand its portfolio of enterprise security solutions under our brand 'Seqrite'®.

b) Further, during the year your Company made a strategic investment to the tune of 4% of paid up capital in Ray Pte Limited, a Singapore based innovation driven Technology Company with a purpose to re-imagine Networking. Ray Pte Limited product offerings are powered by RayOS which is an open, secure, cloud native, extensible Operating System for Network & IoT devices which enables a multitude of innovative use cases for their customers through a SAAS based App Store experience.

10. UTILISATION OF IPO PROCEEDS

The proceeds of the IPO are being used for the purposes for which it was stated to be utilised. During the year, the unutilised portion thereto has been invested in bank deposits as per the applicable rules. However, the Company has fully utilised all the proceeds of IPO before March 31, 2021 and also received a report from Monitoring Agency, appointed as per regulation 41 of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, to that affect.

The summary of utilisation of IPO proceeds as on March 31, 2021 is stated in Note No. 36 of Standalone financial statements.

11. MANAGEMENT DISCUSSION AND ANALYSIS

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

12. CORPORATE GOVERNANCE REPORT

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

13. BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as per Regulation 34 of the LODR, detailing the various initiatives taken by the Company on the environmental, social and governance

DIRECTORS' REPORT (Contd.)

front forms an integral part of this Annual Report.

14. RISK MANAGEMENT

The Company has put in place a robust risk management framework 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 including impact of COVID-19 are explained under Management Discussion and Analysis which forms part of this Annual Report.

15. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

The Board, at its meeting held on March 10, 2021, approved the proposal of buyback of equity shares and the same was approved as a Special Resolution by Shareholders on April 18, 2021. The details of the buyback, together with its implications on the Company's financial position, are explained in schedule 17 sub clause (f) of the consolidated financial Statement.

There have been no other material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

16. LISTING ON STOCK EXCHANGES

The Company's shares are listed on BSE Limited and the National Stock Exchange of India Limited.

17. 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 FY 2020-21, as required under Schedule V of the LODR forms a part of this Annual Report.

18. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2021, the Board comprised of two Executive Directors, four Non-Executive Independent Directors and one Non-Executive Director. The Board is well diversified and consists of one Women Independent Director.

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

Mr. Kailash Katkar, Managing Director & CEO, Mr. Sanjay Katkar, Joint Managing Director & CTO, Mr. Nitin Kulkarni, Chief Financial Officer and Mr. Srinivasa Rao Anasingaraju, Company Secretary are the Key Managerial Personnel of the Company within the meaning of sections 2(51) and 203 of the Act read together with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as on March 31, 2021.

During the year Ms. Priti Rao, Independent Director of the Company, resigned as a member of the Board effective June 01, 2020. The Board placed on record appreciation for her contributions towards the growth of the Company during her tenure.

Mr. Bhushan Gokhale was appointed as an Additional, non-executive Independent Director of the Company w.e.f. August 12, 2020 and the same is placed for approval of shareholders in the ensuring Annual General Meeting of the Company.

After taking into account the performance evaluation of Mr. Gokhale, during the financial year and considering the knowledge, acumen, expertise and experience in the respective field and the contribution made by him as an Independent Director since his appointment, it has been recommended to be continued as Independent Director would be in the interest of the Company.

19. BOARD MEETINGS

During FY 2020-21, 5 (Five) Board meetings were held on May 21, 2020, August 10, 2020, November 06, 2020, February 03, 2021 and March 10, 2021 respectively. The maximum time gap between any two meetings did not exceed prescribed period of one hundred twenty days. The particulars of directors present at various Board and Committee meetings are given in the Corporate Governance Report which forms part of this Report.

20. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) They have selected such accounting policies and

DIRECTORS' REPORT (Contd.)

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 and loss of the Company for the same period;

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

d) The annual accounts have been prepared on a going concern basis;

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

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

21. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director under section 149(7) of the Act that he/she fulfils the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of LODR.

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

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

a. Mr. Amitabha Mukhopadhyay

b. Mr. Mehul Savla

c. Ms. Apurva Joshi

d. Mr. Bhushan Gokhale

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

The Board has established a comprehensive process to evaluate the performance of the Board, its Committees and of individual directors. 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 other members of the Board (excluding the Director being evaluated). A meeting of the Independent Directors was held on March 12, 2021 to review the performance of Non-Independent Directors and the Board as a whole. The Chairperson of the Nomination & Remuneration Committee had updated the other members of the Board about the outcome of the evaluation process.

23. COMMITTEES OF THE BOARD

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

Sr. No	Committee	Composition				
1	*Audit Committee	Mr. Amitabha Mukhopadhyay (Chairperson)	Mr. Sanjay Katkar	Ms. Apurva Joshi##	Mr. Mehul Savla##	Ms. Priti Rao#
2	Nomination and Remuneration Committee	Mr. Mehul Savla (Chairperson)	Mr. Kailash Katkar	Mr. Amitabha Mukhopadhyay	Ms. Apurva Joshi ##	
3	Stakeholders Relationship Committee	Ms. Apurva Joshi (Chairperson)	Mr. Kailash Katkar	Mr. Amitabha Mukhopadhyay	Mr. Bhushan Gokhale ∞	-
4	CSR Committee	Ms. Apurva Joshi## (Chairperson)	Mr. Kailash Katkar	Mr. Sanjay Katkar	Ms. Priti Rao#	-

** Audit Committee performs the functions of Risk Management Committee.*
 # Resigned as a Member of Committee effective June 01, 2020
∞ Appointed as a Member of Committee effective August 12, 2020

DIRECTORS' REPORT (Contd.)

Appointed as a Member of Committee effective May 21, 2020

24. SECRETARIAL AUDIT REPORT

As required by Section 204 of the Act and Rules made thereunder, the Board appointed M/s. J B Bhave & Co., Practicing Company Secretaries, Pune as the Secretarial Auditors of the Company for FY 2021-22. There are no qualifications/ observations/ remarks in the Secretarial Audit Report for the year ended March 31, 2021. The Secretarial Auditor has not reported any fraud during the financial year.

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

25. STATUTORY AUDITORS

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), were appointed by the Shareholders at the 24th AGM held on July 15, 2019 as Statutory Auditors for a term of five consecutive years to hold office until conclusion of 29th AGM. Pursuant to the amendment to Section 139 of the Act effective from May 07, 2018, ratification by shareholders every year for the appointment of Statutory Auditors is no longer required and accordingly, the Notice of ensuing 26th AGM does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors appointment.

26. AUDIT OBSERVATIONS

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

27. COST RECORDS & AUDITOR

Pursuant to the provisions of Section 148(3) of the Act and applicable rules, the Board has appointed M/s. Bhavesh Marolia & Associates, as the Cost Auditors of the Company to conduct an audit of cost records maintained by the Company for FY 2021-22 at a remuneration of ₹ 73,500/- plus applicable taxes and out of pocket expenses. The remuneration payable to the Cost Auditors is subject to ratification of the Members at the ensuing Annual General Meeting.

28. INTERNAL AUDITORS

The Board appointed Ernst & Young LLP, Chartered Accountants, as Internal Auditors of the Company for FY 2021-22.

29. 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.

30. 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.

The above schemes are in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (**"SBEB Regulations"**). The Company has obtained certificate from the Auditors of the Company stating that the Schemes have been implemented in accordance with the SBEB Regulations and the resolutions passed by the Members. The certificates are available for inspection by Members in electronic mode. The details as required to be disclosed under the SBEB Regulations can be accessed at https://www.quickheal.co.in/investors.

However, as the pool of shares in the said two schemes was fully exhausted, Company has decided to create a new Employees Stock Option Scheme. Upon recommendation of the Nomination and Remuneration Committee to Board in its meeting held on March 10, 2021, Board has approved the scheme and same was circulated for the approval of shareholders as a special resolution. Shareholders of the Company, by passing a special resolution, had approved new Employees Stock Option Scheme 2021 vide postal ballot/e-voting. The results of such postal ballot/e-voting were declared by CS Jayavant Bhave, Scrutiniser on April 19, 2021 and same are available on Company website.

During the year under report, no employee has been granted stock options, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company. The details of activities under the scheme have been summarised in the Notes forming part of Financial Statements and annexed as **Annexure D**.

31. SECRETARIAL STANDARDS

The Company has followed the applicable Secretarial

DIRECTORS' REPORT (Contd.)

Standards, i.e SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and General Meetings' respectively.

32. 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:

a. Energy Conservation

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

b. 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.

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 dynamic 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 cutting edge technologies targeted towards products for enterprise, government and retail segments of your Company.

c. Foreign Exchange earnings and outgo:

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

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total foreign exchange outgo	92.13	45.90
Total foreign exchange earnings	136.70	83.67

33. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There are no Loans, Guarantees provided by the Company as on March 31, 2021. However, during the year, Company made couple of investments the details of which were provided under Notes to the financial statements and in this report as well.

34. 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**.

35. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Your Company has a strong commitment towards the society we live in. Your Company had formed a public charitable trust 'Quick Heal Foundation' and implements its CSR objects through the Foundation. The Company strives to promote Cybersecurity awareness, promotion of education and community development. The Company's CSR policy is available on our website at https://www.quickheal.co.in/documents/investors/policies/csr-policy-2021.pdf

During the year under review, the Company had spent total of ₹ 2,73,44,000/- on CSR activities, vis-à-vis ₹ 2,43,43,800/- i.e. 2% as per provisions of the Section 135 of the Act. The Company continues to remain committed towards undertaking CSR activities for the welfare of the society.

A detailed report on CSR activities of your Company under the provisions of the Act during FY 2020-21 is given as **Annexure 'F'**.

36. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors of your Company are responsible for ensuring that the Internal Financial Controls ("IFC") are laid down in the Company and that such controls are

DIRECTORS' REPORT (Contd.)

adequate and are operating efficiently and effectively. The Company's IFC policies are commensurate with its requirements and are operating effectively. The IFC covered the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business including adherence to the Company's policies, safeguarding of the assets of the Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

37. VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

38. INVESTOR EDUCATION AND PROTECTION FUND:

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a Company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF"). In terms of the foregoing provisions of the Act, no dividend amount or shares were required to be transferred to the IEPF by the Company during the year ended March 31, 2021.

39. 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.

iii. No fraud has been reported by the Auditors to the Audit Committee or the Board.

iv. There is no change in the nature of the business of the Company.

v. There is no proceeding pending under Insolvency and Bankruptcy Code, 2016

vi. There is no instance of onetime settlement with any Bank or Financial Institution.

40. ANNUAL RETURN

Pursuant to Section 92(3) of the Act, the Annual Return as on March 31, 2021 is available on Companies website on https://www.quickheal.co.in/documents/investors/annual-return-20-21.pdf

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

The Company has in place an Anti-Sexual Harassment Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Committee(s) has been set up across all its required locations in India to address complaints received regarding sexual harassment. There were no complaints reported during FY 2020-21.

42. ACKNOWLEDGMENTS

Your Board places on record sincere gratitude and appreciation for all the employees who had, mostly through remote working, during the pandemic time delivered as per organisational requirements. The Board conveys its appreciation for its customers, vendors, investors, bankers, end users, dealers, distributors, business partners and other business constituents during the year under review. We also thank the support received from various government and regulatory authorities.

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

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

Place: Pune
Date: May 15, 2021

ANNEXURE A

FORM AOC-1

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

Sr. No	Particulars	Quick Heal Technologies America Inc.	Quick Heal Technologies Japan KK.	Quick Heal Technologies Africa Limited.	Seqrite Technologies DMCC
1	Reporting Currency	USD	JPY	KES	AED
2	Exchange rate on the last date of relevant financial year	73.2361	0.66452	0.66217	19.9350
3	Date on which Subsidiary was acquired	January 2, 2012	April 2, 2012	December 2, 2011	November 13, 2016
4	Share Capital	7,88,000	28,00,00,000	11,36,75,000	3,00,000
5	Reserves and Surplus	(7,82,499)	(23,67,16,158)	(3,58,89,621)	(24,004)
6	Total Assets	57,198	4,73,31,279	7,95,66,281	3,34,277
7	Total Liabilities	51,697	40,47,437	17,80,902	58,281
8	Investments	-	-	-	-
9	Turnover	1,73,056	21,35,525	1,89,00,005	4,21,406
10	Profit before taxation	3,839	(8,75,378)	1,13,89,689	7,623
11	Provision for taxation	-	16,39,583	-	-
12	Profit after taxation	3,839	(25,14,961)	1,13,89,689	7,623
13	Proposed dividend	-	-	-	-
14	Extent of Shareholding	Wholly Owned	Wholly Owned	Wholly Owned	Wholly Owned

ANNEXURE B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE YEAR ENDED 31 MARCH, 2021
[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,
Members,
QUICK HEAL TECHNOLOGIES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **QUICK HEAL TECHNOLOGIES LIMITED** (Hereinafter called "the Company").

Secretarial Audit was conducted for FY 2020-21 in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities And Exchange Board of India warranted due to spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 ("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 conducted online verification and examination of records, as facilitated by the Company from time to time, due to Covid-19 pandemic and lockdown situation in the State of Maharashtra for the purpose of issuing this report.

(i) The Act (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 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 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 as there was no reportable event during the period under review]**

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable as the Company has not issued and listed any debt securities during the period under review]**

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

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

(vi) Other Applicable Laws: As informed by the management, there are no other laws applicable specifically to the Company.

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) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

ANNEXURE B (Contd.)

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.

I further report that during the audit period the Company had the following events which had bearing the Company's affair in pursuance of the above referred Laws, rules, regulations, guidelines, etc.

1. The Company has received an order from the Office of the Registrar of Companies, Pune (ROC) on December 23, 2020 under section 206 (1) of the Companies Act 2013 for furnishing records and/or information and documents for verification in respect of spending of IPO proceeds, financial statements, reports and documents annexed thereto, prospectus and other documents filed by the Company from time to time. The Company has accordingly furnished all the relevant records, information and documents and the same is under consideration at the ROC, Pune office.
2. The board of directors of the Company vide board resolution dated March 10, 2021 had approved the buyback of 63,26,530 fully paid-up equity shares of face value of ₹ 10/- each of the Company representing up to 9.85% of the total paid-up Equity Share Capital of the Company subject to approval from members and necessary regulatory approvals.
3. The board of directors of the Company vide board resolution dated March 10, 2021 had approved the Quick Heal Technology Limited Employee Stock Option Scheme, 2021 and the same is subject to approval from members and necessary regulatory approvals.

For **J. B. BHAVE & CO.**
Company Secretaries

Sd/-
Jayavant B. Bhave
Proprietor
FCS No. 4266 CP No. 3068
UDIN: F004266C000335080
PR NO: 1238/2021

Place: Pune
Date: May 15, 2021

Annexure to the Secretarial Audit Report of Quick Heal Technologies Limited for the year ended March 31, 2021

Auditors' Responsibility

My Report of even date is to be read along with this letter.

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Due to COVID-19 pandemic and subsequent lockdown declared by the Central, State and Local governments, physical verification of documents/ registers/ papers was not possible and hence, I have relied on the scanned copies/ emails/ digitally accessible data, information, registers, documents and papers provided by the Company for carrying out the Secretarial Audit and to that extent my verification of documents and records might have been impacted.

For **J. B. BHAVE & CO.**
Company Secretaries

Sd/-
Jayavant B. Bhave
Proprietor
FCS No. 4266 CP No. 3068
UDIN: F004266C000335080
PR NO: 1238/2021

Place: Pune
Date: May 15, 2021

ANNEXURE C

A. Details of the Remuneration as required under Section 197(12) of the Act 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 FY 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2020-21 and the comparison of remuneration of each Key Managerial Personnel (KMP) on CTC basis per annum, against the performance of the Company are as follows:

Sr. No.	Name of Director / KMP & Designation	Remuneration of Directors / KMP for the FY 2020-21 (₹ Million)	% increase (decrease) in Remuneration in the FY 2020-21	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.	Mr. Kailash Katkar, Managing Director & CEO	14.88	Nil	21.60	The total income is increased by 12.42% whereas profit after tax increased by 43.76% during FY 2020-21.
2.	Mr. Sanjay Katkar, Jt. Managing Director & CTO	14.88	Nil	21.60	
3.	Mr. Shailesh Lakhani Non–Executive Director	Nil	Nil	-	
4.	Mr. Mehul Savla Independent Director	0.60	33.33%	0.87	
5.	Ms. Apurva Joshi Independent Director	0.60	33.33%	0.87	
6.	Mr. Amitabha Mukhopadhyay Independent Director	1.00	66.67%	1.45	
7.	Ms. Priti Rao * Independent Director	0	Nil	-	
8.	Mr. Bhushan Gokhale @ Independent Director (Additional)	0.60	Nil	0.87	
9	Mr. Nitin Kulkarni, Chief Financial Officer	7.0	9.03%	10.16	
10.	Mr. Srinivasa Rao Anasingaraju Company Secretary	4.40	6%	6.38	

** Ceased to be Director of the Company effective June 01, 2020.*
@ Appointed as Independent Director effective August 12, 2020

2. The median remuneration of employees of the Company during FY 2020-21 was ₹ 6,89,000/-
3. In FY 2020-21, there was an increase of 10.74% in the median remuneration of the employees as compared to that of FY 2019-20.
4. As on March 31, 2021 there were 972 permanent employees who were on rolls of the Company.
5. Relationship between average salary increase in remuneration & Company's performance: The Profit After Tax for the financial year ended March 31, 2021 increased by 43.76% whereas the median remuneration increased by 10.74%.
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 2.06% from ₹ 39.88 Million in FY 2019-20 to ₹ 41.16 Million in FY 2020-21, whereas Profit After Tax increased by 43.76% from ₹ 744.11 Million in FY 2019-20 to ₹ 1,069.80 Million in FY 2020-21 on consolidated basis.
7. The average percentage increase in salaries of employees excluding Key Managerial Personnel(s) was 8.69% over the previous year. The average increase in salaries of Key Managerial Personnel(s) was 3.76%. The increase in KMP remuneration was based on the recommendations of the 'Nominations & Remuneration Committee' as per the industry benchmark.

ANNEXURE C (Contd.)

8. All remuneration paid is as per the Remuneration Policy of the Company.

B. Details of the employees who were employed throughout the financial year and received a remuneration of ₹ 10.02 Million or above per annum OR the employees who were employed for a part of the financial year and received remuneration of ₹ 0.85 Million p.m. under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	Designation	Qualification	Age (Yrs.)	Joining Date	Experience (Yrs.)	Nature of Employment	Total Remuneration (in ₹ Million) *	ESOP	Previous Employment	Relationship with any Director of the Company
Kailash Katkar	Managing Director & CEO	Matriculation	53	August 07, 1995	33	Permanent	14.88	-	Promoter	Brother of Mr. Sanjay Katkar
Sanjay Katkar	Joint Managing Director & CTO	Master in Computer Science	49	August 07, 1995	25	Permanent	14.88	-	Promoter	Brother of Mr. Kailash Katkar
Kuldeep Raina	Vice President & Global Head Of Sales	Bachelor in Computer Science & Engineering	51	June 17, 2019	27	Permanent	22.49	15,000	Color Tokens India LLP	No
Bibhuti Bhusan Kar	Head of Research & Development	M. Tech	49	September 07, 2020	22	Permanent	23.00	2,00,000	Sophos Technologies Private Limited	No
Sanjay J Agrawal	Chief Product Officer	Bachelor of Science in Computer Engineering	49	October 19, 2020	27	Permanent	26.00	1,49,000	Color Tokens India LLP	No

**Total Remuneration includes salary, allowances, bonus and perquisites excluding perquisite value of ESOPS.*

Pursuant to Rule 5(2)(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Sanjay Agarwal, Mr. Bibhuti Kar and Mr. Kuldeep Raina are not holding 2% or more of the equity shares of the Company.

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

ANNEXURE C (Contd.)

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

Top ten employees in terms of remuneration drawn during FY 2020-21:

Name	Designation	Qualification	Age (Yrs.)	Joining Date	Experience (Yrs.)	Nature of Employment	Total Remuneration (in ₹)	ESOP	Previous Employment	Relationship with any Director of the Company
Ankur Panchbudhe*	Head - Tech Architect And Innovation	Master of Technology - MTech	43	April 01, 2020	19	Permanent	1,11,24,750	-	Vaultize Technologies	No
Reetu Raina	CHRO	MBA (HR)	44	December 23, 2019	21	Permanent	95,00,000	40,000	Sterlite Technologies Limited	No
Anil Kaushik	Principal Engineer	Master's in software system	46	February 24, 2021	21	Permanent	90,00,000	-	Sophos Technologies Private Limited	No
Vinaya Sathyanarayana	Senior Director - Product Management	MBA/PGDM (Information Management)	41	December 02, 2020	18	Permanent	82,80,000	-	Color Tokens India LLP	No
Aparajithan Vaidyanathan	Senior Director - Technical Architecture & Innovation	MBA (Finance, Project Management)	41	January 08, 2021	20	Permanent	81,00,000	-	SecureID Solutions India Private Limited	No
Sanjay Luhade	Global Head - Information Technology	Bachelor of Engineering - Electronics	53	July 06, 2020	27	Permanent	80,00,000	-	BNY Mellon Technologies	No
Bijoe George#	Head - Global Marketing	Bachelor of Business Administration	48	April 01, 2020	25	Permanent	80,00,000	-	Attivo Networks	No
Sai Prakash Dilipkumar^	Head - Information Technology	Electronics and Communication Engineering	39	April 27, 2020	16	Permanent	70,00,000	-	Sungard Availability Services, Pune, India	No
Netra Vinaykumar Deshpande	Senior Director – Engineering	Bachelor of Engineering (Computer Science)	47	May 02, 2017	25	Permanent	68,84,713	-	Avaya India Private Limited	No
Deepak Mishra	Head - Retail Sales	MBA - Marketing	45	August 21, 2017	21	Permanent	67,20,050	25,000	Tally Solutions Private Limited	No

** Ceased to be employee w.e.f August 28, 2020*
 # Ceased to be employee w.e.f February 05, 2021
^ Ceased to be employee w.e.f. July 03, 2020

ANNEXURE D

ESOP Details as on March 31, 2021

Particulars	**Details**	
	ESOP 2010	**ESOP 2014**
Options granted	Total options granted until date: 16,62,800 Options granted during fiscal 2021: Nil Options granted during fiscal 2020: Nil Options granted during fiscal 2019: Nil Options granted during fiscal 2018: Nil Options granted during fiscal 2017: Nil	Total options granted until date: 20,28,900 Options granted during fiscal 2021: 5,76,700 Options granted during fiscal 2020: 1,19,600 Options granted during fiscal 2019: 4,77,300 Options granted during fiscal 2018: 30,000 Options granted during fiscal 2017: 1,83,000
Pricing formula	discounted cash flow method	
Exercise price of options	₹ 37.50 to ₹ 115.24	₹ 93.00 to ₹ 294.33/-
Total number of options vested	14,66,722	6,58,270
Total number of options exercised	14,00,951	3,12,704
Total number of Equity Shares that would arise as a result of full exercise of options already granted	14,00,951	5,17,906
Options forfeited/lapsed/cancelled	Nil	1,52,000
Variation in terms of options	Nil	Nil
Options outstanding (in force)	Nil	9,70,077
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	₹ 16.65	
Difference between employee compensation cost using the fair value method and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	Nil Impact on EPS (basic): Nil Impact on EPS (diluted): Nil	
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: Nil	Weighted average exercise price: ₹ 208.02
	Weighted average fair value: 51.16	

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: 6.42%; ii. Expected life: Grant IV:2.43 - 6.57 Grant VII: 3.49 - 5.52 Grant VIII: 3.66 - 5.35 Grant IX: 3.74 - 5.27 Grant X: 4.39 – 4.75 Grant XI: 3.75 – 5.26 Grant XII: 3.49 - 5.77 Grant XIII: 2.81-6.20 Grant XIV: 2.47-6.54 Grant XV: 2.44-6.57 Grant XVI: 1.74-7.27 Grant XVII: 1.25-7.75 Grant XVIII: 0.94-8.06 Grant XIX: 0.75-8.25 Grant XX: 0.29-8.71 Grant XXI: 0.15-8.85 iii. Expected volatility: 35.22% iv. Expected dividends: 1.58% v. Price of underlying share in market at the time of Grant XVI of option: ₹165.20	
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 2020-21: ₹ 6.21 Million Fiscal 2019-20: ₹ 1.70 Million	

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

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

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

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding*
Nitin Kulkarni	1,00,000	50,000	Nil	Nil	1,00,000

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

Note 3: Employee who received a grant of options amounting to 5% or more of the options granted during FY 2020-21

Name of Employee	Total No. of options granted	Grant Price (in ₹)
Reetu Raina	40,000	97.50
Bibhuti Kar	2,00,000	96.00
Sanjay Agrawal	1,49,000	93.00

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 Act 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:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.

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

Contract 1

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Sanjay Sahebrao Katkar HUF
b)	Nature of Relation ship	Mr. Sanjay Katkar is Joint Managing Director & CTO
c)	Nature of contracts / arrangements /transaction	Lease Deed
d)	Duration of the contracts/ arrangements / transaction	10 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on June 11, 2014
g)	Contract Value per year (₹ in Million)	1.20

Contract 2

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mr. Kailash Katkar
b)	Nature of Relation ship	Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Leave & License
d)	Duration of the contracts/ arrangements / transaction	1 year
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of board obtained on May 21, 2020
g)	Contract Value per year (₹ In Million)	1.02

ANNEXURE F

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

1. Brief outline on CSR Policy of the Company:

Corporate Social Responsibility ("CSR") activities undertaken reflects the core values and achievements of how the Company does business as an employer, a security solutions provider and a corporate citizen – a necessity that demands that Quick Heal be trustworthy, an ethical business partner that customers can count on.

Digital security is of utmost importance in the current scenario. Quick Heal believes that progress is possible only with a deep commitment to community welfare. Since inception, the goal has been to protect customer from Internet-based attacks and intrusion by hackers.

Quick Heal conducts cyber safety and awareness workshops for school and college students, teachers and parents as an integral part of its corporate vision. It is an ambitious cross-district project to Educate, Empower and Protect India's young cyber citizens on the topics of online safety and security, Digital citizenship and information literacy.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Apurva Joshi	Chairperson – Independent Director	1	1
2	Kailash Katkar	Member – Managing Director & CEO	1	1
3	Sanjay Katkar	Member – Jt Managing Director & CTO	1	1

3	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.	www.quickheal.co.in/company/investors https://www.quickhealfoundation.org/
4	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).	Not Applicable for the financial year under review
5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	₹ 30,00,200/-

Sl. No.	Financial Year	Amount available for set-offfrom preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
1	2020-21	30,00,200/-	Nil

6 Average net profit of the Company as per section 135(5). ₹ **1,21,71,90,000/-**

7. (a) 2% of average net profit of the Company as per section 135(5) - ₹ **2,43,43,800/-**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **NIL**

(c) Amount required to be set off for the financial year, if any – **NIL**

(d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ **2,43,43,800/-**

ANNEXURE F (Contd.)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount(in ₹)	Date of transfer
2,73,44,000/-	Nil	Not Applicable	NIL		

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in ₹)**	**Mode of implementation - Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**			**Name**	**CSR registration number**
1	Contribution to Schedule VII activities	(i), (ii), (viii)	Yes	PAN India		2,43,44,000	No	Quick Heal Foundation	CSR00005777
2.	Covid Support – PM Cares Fund	(viii)	Yes	PAN India		30,00,000	Yes	Covid Support – PM Cares Fund	
TOTAL						**2,73,44,000**			

(d) Amount spent in Administrative Overheads - **Nil**

(e) Amount spent on Impact Assessment, if applicable – **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ **2,73,44,000**

ANNEXURE F (Contd.)

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	2% of average net profit of the Company as per section 135(5)	2,43,43,800
(ii)	Total amount spent for the Financial Year	2,73,44,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	30,00,200
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	30,00,200

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **NIL**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details). - NOT APPLICABLE**

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). **- NOT APPLICABLE**

Sd/-
Mr. Kailash Katkar
Managing Director & CEO

Sd/-
Ms. Apurva Joshi
Chairperson of CSR Committee

REPORT ON CORPORATE GOVERNANCE

The Directors' Report on the Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below.

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

Quick Heal believes that Corporate Governance is highly important for fostering a future ready organisation guaranteeing sustainable growth. A good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders. Your Company is in compliance with the requirements stipulated under Regulation 17 to 27 (excluding Regulation 24 as there is no material or listed subsidiary) read with Schedule V of LODR, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS:

As on March 31, 2021, the Company has seven Directors. Out of the seven Directors, five are Non-Executive Directors out of which four Directors are Independent Directors. The Board of Directors of the Company critically evaluates the Company's strategic direction, policies and their effectiveness. The actions of the Board are committed towards sustainably elevating the Company's value creation process. The Board of 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 seven Directors as detailed hereunder indicating their status as independent or otherwise against their respective names:

Executive Directors

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

Non-Executive (Non-Independent) Directors

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

Non-Executive Independent Directors

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

** Ms. Priti Rao resigned as Director w.e.f. June 01, 2020*
 # Mr. Bhushan Gokhale appointed as Director w.e.f. August 12, 2020

Except Mr. Kailash Katkar, Managing Director & CEO and Mr. Sanjay Katkar, Joint 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 August 11, 2020 re-appointed Mr. Mehul Savla & Ms. Apurva Joshi as Independent Directors pursuant to Sections 149, 152 and Schedule IV and other applicable provisions, if any, of the Act read with the Rules issued thereunder and as per LODR. The tenure of all Independent Directors is five years.

The Company has received declarations as stipulated under Section 149(7) of the Act and as per the applicable clause(s) of LODR from each Independent Director confirming that they are not disqualified from being appointed /continuing as Independent Director and fulfil the conditions specified under LODR and are thus independent of management. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act and LODR. The terms and conditions of the appointment of Independent Directors have been displayed on the website of the Company and can be accessed through the following link: https://www.quickheal.co.in/documents/investors/policies/Terms-And-Conditions-For-Appointment-Of-Independent-Director.pdf

(iii) Board Meetings

During FY 2020-21, 5 (Five) Board meetings were held, details are as under;

S. No.	Date of Meeting
1.	May 21, 2020
2.	August 10,2020
3.	November 06, 2020
4.	February 03, 2021
5.	March 10, 2021

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

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

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

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in public companies (including this Company)#	Name of the Companies	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Kailash Katkar	05	Yes	01	Quick Heal Technologies Limited- Managing Director	0(C), 1(M)
Mr. Sanjay Katkar	05	Yes	01	Quick Heal Technologies Limited- Joint Managing Director	0(C), 01(M)
Mr. Shailesh Lakhani	05	Yes	01	Quick Heal Technologies Limited- Non-Executive Director	Nil
Mr. Amitabha Mukhopadhyay	05	Yes	01	Quick Heal Technologies Limited- Independent Director	01(C), 01(M)

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in public companies (including this Company)#	Name of the Companies	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Mehul Savla	04	Yes	01	Quick Heal Technologies Limited- Independent Director	0 (C), 1(M)
Ms. Apurva Joshi	05	Yes	02	1. Quick Heal Technologies Limited- Independent Director 2. Associated Alcohols & Breweries Limited- Independent Director	01(C), 1(M)
Mr. Bhushan Gokhale	03	Yes	01	Quick Heal Technologies Limited- Independent Director	0(C), 01(M)
Ms. Priti Rao*	01	No	--	--	--

** Ms. Priti Rao resigned as Director w.e.f. June 01, 2020*

 # Number of Directorships held in other public companies does not include Foreign Companies.

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

As on March 31, 2021, 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 Act. 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) across all the public companies in which he/she is a director.

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

(v) Conduct of Board Meetings:

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

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

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

(vi) Familiarisation Programme for Board Members including Independent Directors

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

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

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

(vii) Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Act and as per applicable regulation of LODR, a meeting of the Independent Directors of the Company was held on March 12, 2021 without the presence of Non-Independent Directors and representatives of the management.

(viii) Evaluation of Board Effectiveness

In terms of the provisions of the Act read with Rules issued thereunder and as per applicable Clauses of LODR, 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, 2021, as per the policy of the Company. The evaluation of the Directors was based on various aspects, inter-alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution. The Board comprises of the qualified members who bring in the required skill, competence and expertise that allows them to make effective contributions to the Board and its Committees. The Members were appointed considering their skill, competence and expertise in the areas of Leadership, Finance, Business, Technology and Human Resources. Below is the table of specific areas of focus or expertise of individual Board members. However, the absence of mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Director	Area of Expertise
Mr. Kailash Katkar, Managing Director & Chief Executive Officer	Corporate Governance, Sales, Marketing, Customer services, Technical support and administration
Mr. Sanjay Katkar, Joint managing Director & Chief Technical Officer	Corporate Governance, Technical Strategy, Technical Governance, Customer services
Mr. Amitabha Mukhopadhyay, Independent Director	Financial, treasury management and taxation expertise Corporate Governance, Compliance and Audit purview Large scale global operations Mergers & Acquisitions Business Strategy and Planning
Mr. Mehul Savla, Independent Director	Global Business, Corporate Governance, Financial Management, Mergers & Acquisitions, Securities Market Expert, Business Strategy
Ms. Apurva Joshi, Independent Director	Corporate Governance, Financial Management, Securities Market, Risk Management, Business Strategy
Mr. Bhushan Gokhale Independent Director	Strategy, General Management, Administration, Human Resources
Mr. Shailesh Lakhani, Non-Executive Director	Global Business, Corporate Governance, Financial Management, Mergers & Acquisitions, Securities Market Expert, Business Strategy

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Act and as per applicable Clauses of LODR. During the financial year ended March 31, 2021, there were following 4 (Four) committees of the Directors *viz.* Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Board in order to execute buyback procedures, in its meeting held on March 10, 2021 formed a Buyback Committee comprising of Mr. Kailash Katkar, Managing Director & CEO, Mr. Sanjay Katkar, Joint Managing Director & CTO, Mr. Amitabha Mukhopadhyay, Independent Director, Mr. Mehul Savla, Independent Director, Mr. Nitin Kulkarni, Chief financial officer, Mr. A. Srinivasa Rao, Company Secretary, Mr. Deepak Kalera, Finance controller and Mr. Vinav Agarwal, Compliance Officer. During the year, the Buyback Committee executed the buyback procedure as required by SEBI (Buyback of Securities) Regulation, 2018.

(i) Audit Committee

Composition and Attendance:

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Act and as per applicable Clauses of LODR. 5 (Five) meetings of the Committee were held during the financial year ended March 31, 2021.

During the year under review, the Audit Committee met on May 20, 2020, August 10, 2020, November 06, 2020, February 03, 2021 and March 10, 2021.

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

Name	Status	Number of Meetings Attended
Mr. Amitabha Mukhopadhyay	Chairperson	05
Mr. Sanjay Katkar	Member	05
Ms. Priti Rao^	Member	01
Mr. Mehul Savla*	Member	04
Ms. Apurva Joshi#	Member	04

^ Ms. Priti Rao resigned as member of committee w.e.f June 01, 2020

** Mr. Mehul Savla appointed as member of committee w.e.f May 21, 2020*

 # Ms. Apurva Joshi appointed as member of committee w.e.f May 21, 2020

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

Terms of Reference:

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

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 Act read together with Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 22 of the LODR.

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(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, 2021, 04 (Four) meetings of the Nomination and Remuneration Committee were held.

During the year under review, the Committee met on May 20, 2020, August 10, 2020, November 06, 2020 and on March 10, 2021.

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

Name	Status	Number of Meetings Attended
Mr. Mehul Savla	Chairperson	04
Mr. Amitabha Mukhopadhyay	Member	04
Mr. Kailash Katkar	Member	04
Ms. Apurva Joshi*	Member	03

** Ms. Apurva Joshi appointed as a member of the Committee effective May 21, 2020*

Terms of Reference:

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

Details of Remuneration paid to the Directors during the financial year ended March 31, 2021:

(a) Executive Directors

Sr. No.	Name of the Director	Gross salary (in ₹)	Commission/ Incentive (in ₹)	Contribution to PF (in ₹)	Total. (in ₹)	Notice period
1.	*Mr. Kailash Katkar	1,19,48,220	13,44,100	Nil	1,32,92,320	6(six) Months
2.	*Mr. Sanjay Katkar	1,19,48,220	13,44,100	Nil	1,32,92,320	6(six) Months

** As per the Employment Agreement dated: August 12, 2020, Mr. Kailash Katkar & Mr. Sanjay Katkar have been provided 1(one) Car each by the Company.*

Particulars of sitting fee paid to the Non-Executive Directors during the financial year ended March 31, 2021 are as follows:

Sr. No.	Name of the Director	Sitting fees paid (in ₹)
1.	Mr. Amitabha Mukhopadhyay	3,70,000/-
2.	Mr. Mehul Savla	2,60,000/-
3.	Ms. Apurva Joshi	3,10,000/-
4.	Mr. Bhushan Gokhale	1,10,000/-
5.	Ms. Priti Rao	70,000/-

There has been no material pecuniary relationship or transactions between the Company and Non-Executive Directors during FY 2020-21.

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

Performance evaluation criteria for independent directors

The performance evaluation of the Independent Directors is based on various aspects, inter-alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution. The Board comprises of the qualified members who bring in the required skill, competence and expertise that allows them to make effective contributions to the Board and its Committees. The members were appointed considering their skill, competence and expertise in the areas of Leadership, Finance, Business, Technology and Human Resources.

Criteria of making payments to non-executive directors

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

Stock Options granted to Directors

The Company had not granted Stock Options (ESOPs) to any Director during FY 2020-21.

(iii) Stakeholders Relationship Committee:

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

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 Ms. Apurva Joshi, Independent Director of the Company.

Names of Members of the Committee are given below:

Name	Status
Ms. Apurva Joshi	Chairperson
Mr. Amitabha Mukhopadhyay	Member
Mr. Kailash Katkar	Member
Mr. Bhushan Gokhale*	Member

**Mr. Bhushan Gokhale appointed as member of Committee effective August 12, 2020*

Pursuant to the LODR and Listing Agreement with the Stock Exchanges, Mr. Vinav Agarwal has been appointed as the Compliance Officer who monitors the share transfer process and liaises with the Authorities such as SEBI, Stock Exchanges, and Registrar of Companies etc. The Company complies with the various requirements of the LODR & 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 dematerialised form. All requests for dematerialisation of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time.

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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

Composition:

The CSR Committee consists of three Directors, out of which one is Independent and two are Executive Directors. During the year under review, CSR Committee met on May 20, 2020.

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

Sr. No	Name	Status	No. of Meetings Attended
1.	Ms. Priti Rao*	Chairperson	1
2.	Mr. Kailash Katkar	Member	1
3.	Mr. Sanjay Katkar	Member	1
4.	Ms. Apurva Joshi #	Chairperson	0

** Ms. Priti Rao resigned w.e.f June 01, 2020*
 # Ms. Apurva Joshi appointed as Member of the committee w.e.f. May 21, 2020

Terms of Reference:

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

4. GENERAL BODY MEETINGS:

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

Sr. No.	Date of AGM	Venue
1.	August 11, 2020	Through Video Conferencing/ Other audio visual means
2.	July 15, 2019	Hotel Ramee Grand, Apte Road, Pune – 411015
3.	August 08, 2018	Hotel Ramee Grand, Apte Road, Pune – 411015

Sr. No.	Financial Year	Date	Day	Time	Number of Special resolution(s) Passed	Details of Special Resolutions passed
1.	2019-20	August 11, 2020	Tuesday	11.00 AM	3 (Three)	1. Re-appointment of Ms. Apurva Joshi as an Independent Director 2. Re-appointment of Mr. Mehul Savla as an Independent Director 3. Variation of IPO Proceeds
2.	2018-19	July 15, 2019	Monday	11.00 AM	1 (Two)	1. Variation of IPO Proceeds 2. Service of documents to shareholders through particular mode
3.	2017-18	August 08, 2018	Wednesday	11:00 AM	2 (Two)	1. Appointment of Ms. Priti Rao as Independent Director 2. Appointment of Mr. Manu Parpia as Independent Director

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. DISCLOSURES:

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

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

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

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

However, the company had received an order from the Office of the Registrar of Companies, Pune (ROC) on 23rd December, 2020 under section 206 (1) of the Companies Act 2013 for furnishing records and/or information and documents for verification in respect of spending of IPO proceeds, financial statements, reports and documents annexed thereto, prospectus. The company had accordingly furnished all the relevant records, information and documents and the same is under consideration at the ROC, Pune office.

(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

(iv) Compliance with non-mandatory requirements (as on March 31, 2021)

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

(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 Prabhat
iii)	Any website, where displayed	www.quickheal.co.in
iv)	Whether it also displays official news releases	The Company displays the Press Releases as and when released.
v)	The Presentations made to institutional investors or to the analysts	The Company holds Investor Presentations and meetings from time to time and Presentations made thereat are also sent to the Stock Exchanges as well as displayed on the website of the Company.
vi)	NSE Electronic Application Processing System (NEAPS)	The NEAPS is a web based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

REPORT ON CORPORATE GOVERNANCE (Contd.)

vii)	BSE Corporate Compliance & Listing Centre (the 'Listing Centre')	BSE's Listing Centre is a web based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on the Listing Centre.
viii)	SEBI Complaint Redressal System (SCORES)	The investor complaints are processed in a centralised web based complaint redressal system. The salient features of this system are: Centralised Data Base of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

7. GENERAL SHAREHOLDERS' INFORMATION

7.1	**Annual General Meeting :**		
	- Date and Time	August 06, 2021 at 11.00 A.M.	
	- Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated January 13, 2021 and May 05, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.	
7.2	**Financial Calendar 2021-22 (Tentative) :**	Annual General Meeting – (Next Year)	September 2022
		Financial Reporting	
		Results for quarter ending June 30, 2021	On or before August 14, 2021
		Results for quarter ending September 30, 2021	On or before November 14, 2021
		Results for quarter ending December 31, 2021	On or before February 14, 2022
		Results for year ending March 31, 2022 (Audited)	On or before May 30, 2022
7.3	**Book Closure date :**	July 31, 2021 to August 06, 2021 (both days inclusive) for Annual General Meeting.	
7.4	**Dividend Payment date :**	On or before September 03, 2021	
7.5	**Unclaimed Shares :**	None	

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

7.6	**(a) Listing of Equity Shares on Stock Exchanges :**	National Stock Exchange of India Limited, 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 (Equity Shares):**	Trading Symbol – BSE Limited: 539678 Trading Symbol – National Stock Exchange of India : QUICKHEAL	
	International Securities Identification Number (ISIN) Equity Shares :INE306L01010 **Correspondence Address:** Marvel Edge, Office No. 7010, C & D, 7th Floor, Viman Nagar, Pune - 411014.		

REPORT ON CORPORATE GOVERNANCE (Contd.)

7.8	Stock Market Price Data	National Stock Exchange of India Limited (NSE)		BSE Limited (BSE)	
		Month's High Price (In ₹)	Month's Low Price (In ₹)	Month's High Price (In ₹)	Month's Low Price (In ₹)
	April, 2020	124.40	79.00	123.00	79.40
	May, 2020	120.55	98.00	120.50	97.90
	June, 2020	125.70	100.20	125.70	100.55
	July, 2020	127.40	110.10	127.50	109.95
	August, 2020	146.00	109.95	146.50	110.00
	September, 2020	168.00	120.35	167.85	121.60
	October, 2020	183.30	155.55	183.25	155.60
	November, 2020	171.00	150.00	170.95	149.95
	December, 2020	182.80	144.00	182.85	144.35
	January, 2021	179.65	155.50	179.60	156.00
	February, 2021	170.10	150.00	169.95	150.10
	March, 2021	215.95	152.00	216.00	152.05

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

7.10 Distribution of shareholding as at March 31, 2021:

By size of shareholding	Shareholders		Equity shares held	
Nominal Value(₹)	**Number**	**Percentage (%)**	**Number**	**Percentage (%)**
1 - 5000	64,621	93.69	51,99,013	8.10
5001 - 10000	2,644	3.83	21,21,722	3.30
10001 - 20000	915	1.33	13,91,239	2.17
20001 - 30000	285	0.41	7,22,382	1.13
30001 - 40000	128	0.19	4,51,966	0.70
40001 - 50000	102	0.15	4,75,767	0.74
50001 - 100000	177	0.26	12,86,717	2.00
100001 & Above	99	0.14	5,25,59,062	81.86
TOTAL	**68,971**	**100**	**6,42,07,868**	**100**

By category of shareholders	Equity Shares held	
	Number of Shares	**Percentage (%)**
Clearing Members	1,96,552	0.31
Other Bodies Corporate	9,52,446	1.48
Financial Company	32,56,661	5.07
Hindu Undivided Family	7,86,317	1.22
Nationalised Banks	25	0.00
Foreign Nationals	889	0.00
Non Resident Indians	2,35,615	0.37
Non Resident (Non-Repatriable)	1,27,243	0.20
Public	1,18,68,674	18.48
Promoters	4,67,62,345	72.83
Trusts	816	0.00
Foreign Portfolio Investors (Corporate)	18,285	0.03
NBFC	2,000	0.00
Total	**6,42,07,868**	**100**

REPORT ON CORPORATE GOVERNANCE (Contd.)

7.11	**Dematerialisation of shares :**	6,42,07,867 Nos of Shares has been dematerialised as on March 31, 2021 & 01 Share was in Physical Form. Trading in equity shares of the Company is permitted only in dematerialised form.
7.12	**Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion dates and likely impact on equity. :**	Nil
7.13	**Plant locations:**	Nil
7.14	**Investor Correspondence:** For transfer / dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the Company.	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India 022- Tel: +91 (22) 4918 6200; Fax: +91 (22) 4918 6195; email id: : rnt.helpdesk@linkintime.co.in; website: www.linkintime.co.in
	Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).	
	Important Communication to Members: Members must be aware that Ministry of Corporate Affairs (MCA) has started a "Green Initiative in the Corporate Governance", whereby it has allowed paperless compliances by the Companies in the field of servicing of notice / documents, including Annual Report through emails. Further, in compliance with Ministry of Corporate Affairs ("MCA") has vide its circular dated January 13, 2021 and May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Therefore, Members who have not yet registered their email addresses are requested once again to register their email addresses in respect of their shareholding in electronic mode with the Depository Participants, including any change in their email id. Members holding shares in physical mode are requested to register their email addresses with the Company / Link Intime India Private Limited, the Registrar & Transfer Agent.	

8. OTHER INFORMATION

(a) Risk Management Framework:

The Company has an appropriate place mechanism to inform the Board members about the risk assessment and 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 Members of Audit Committee, every quarter.

(b) CEO and CFO Certification

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

(c) Code of Conduct

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

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

a. Certificate from Practicing Company Secretary

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

b. Details of total fees paid to statutory Auditors

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

Name of Subsidiary	Year ended March 31, 2021 (₹ in Million)	Year ended March 31, 2020 (₹ in Million)
As auditor:		
Audit fees	1.86	1.84
Limited review	2.25	2.25
In other capacity:		
Others (including certification fees)	0.26	0.10
Reimbursement of expenses	0.02	0.03
Total	**4.39**	**4.22**

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

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

General Disclosures

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

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

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

c. While preparing the annual accounts in respect of the financial year ended March 31, 2021, no accounting treatment was different from that prescribed in the Accounting Standards;

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

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

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

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

h. Compliance with Non- Mandatory Provisions:

1. The Chairman of the Board is an executive director
2. Your Company publishes financial results in two newspapers of wide circulation. Further, the financial results are available on the website of your Company and of the stock exchanges where the shares of your Company are listed, i.e., BSE Limited and National Stock Exchange of India Limited. Therefore, no individual intimations are sent to the shareholders.
3. The Auditors' Opinion on the Financial Statements is unmodified.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

by Company Secretary In Whole-time Practice

To
The Members of
QUICK HEAL TECHNOLOGIES LIMITED

I have examined the compliance of conditions of Corporate Governance by **QUICK HEAL TECHNOLOGIES LIMITED,** for the year ended on March 31, 2021, as stipulated in Chapter IV under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')

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 chapter IV of SEBI Listing Regulations pursuant to Listing Agreement of the said Company with stock exchanges

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

For **J. B. BHAVE & CO.**
Company Secretaries

Sd/-
Jayavant B. Bhave
Proprietor
FCS No. 4266 CP No. 3068
UDIN: F004266C000337973
PR NO: 1238/2021

Place: Pune
Date: May 15, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Company Secretary,
QUICK HEAL TECHNOLOGIES LIMITED
Marvel Edge 7010 C & D Opposite NECO garden society
Viman Nagar, Pune 411014.

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name	Designation	DIN
1	Mr. Kailash Sahebrao Katkar	Executive Director, Managing Director & CEO	00397191
2	Mr. Sanjay Sahebrao Katkar	Executive Director, Joint Managing Director	00397277
3	Mr. Mehul Savla	Non-Executive - Independent Director	02137699
4	Mr. Amitabha Mukhopadhyay	Non-Executive – Independent Director	01806781
5	Ms. Apurva Pradeep Joshi	Non-Executive- Independent Director	06608172
6	Air Marshal (Retd.) Bhushan Nilkanth Gokhale	Non-Executive – Additional Director (Independent)	01493276
7	Mr. Shailesh Lakhani	Non-Executive – Nominee Director	03567739
8	Ms. Priti Jay Rao*	Non-Executive – Independent Director	03352049

**Resigned with effect from 01/06/2020.*

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

For **J. B. BHAVE & CO.**
Company Secretaries

Sd/-
Jayavant B. Bhave
Proprietor
FCS No. 4266 CP No. 3068
UDIN: F004266C000337995
PR NO: 1238/2021

Place: Pune
Date: May 15, 2021

COMPLIANCE CERTIFICATE: CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

A. We have reviewed financial statements and the cash flow statement for the period April 01, 2020 to March 31, 2021 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 01, 2020 to March 31, 2021 which is fraudulent, illegal or violative of the Company's code of conduct.

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

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

1) significant changes in internal control over financial reporting during the period April 01, 2020 to March 31, 2021;

2) significant changes in accounting policies during the period April 1, 2020 to March 31, 2021 and that the same have been disclosed in the notes to the financial statements; and

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

Sd/-	Sd/-
Kailash Katkar	**Nitin Kulkarni**
Chief Executive Officer	Chief Financial Officer

RISK MANAGEMENT REPORT

OVERVIEW

Quick Heal Technologies Limited is one of the leading IT security solutions Company. Each Quick Heal product is designed to simplify IT security management across the length and depth of devices and on multiple platforms. They are customised to suit consumers, small businesses, Government establishments and corporate houses.

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

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

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

Quick Heal is committed to ensuring:

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

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

OBJECTIVE OF RISK MANAGEMENT

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

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

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

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

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

RISK MANAGEMENT PROCESS:

Risk Identification and Reviews:

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

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

RISK MANAGEMENT REPORT (Contd.)

review will include a documented analysis of the reasons for all successes and failures vis-à-vis the Objectives in the daily working or projects undertaken and identifying the learning for the future.

Risk Assessment:

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

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

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

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

Risk Evaluation:

Impact and Likelihood are combined to produce a level of risk. For each risk, the score for likelihood and impact should be multiplied to arrive at combined score. The risk is classified into four categories based on combined score (values) 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 Committee heads will determine whether the risk needs immediate escalation to next level or it can wait till subsequent periodic review.

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

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

BUSINESS RESPONSIBILITY REPORT

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L72200MH1995PLC091408
2. Name of the Company	Quick Heal Technologies Limited
3. Registered address	Marvel Edge, Office No. 7010 C & D, 7th Floor, Vimannagar, Pune 411014 Maharashtra
4. Website	www.quickheal.co.in
5. E-mail id	cs@quickheal.co.in
6. Financial Year reported	April 01, 2020 to March 31, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Security Software Product and Services NIC Code: 722
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	IT Security and anti-virus products covering: a. Total Security b. Endpoint Security c. Mobile Security d. Internet Security e. Home Security
9. Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	a. International Locations: i. United States of America; ii. Kenya iii. UAE iv. Japan b. Across India - 159 locations
10. Markets served by the Company – Local/State/National/ International	Company operates in India as well as abroad

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹)	642.07 Millions
2. Total Turnover (₹) (Standalone)	3,335.28 Millions
3. Total profit after taxes (₹) (Standalone)	1,067.94 Millions
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 27.34 Million i.e 2.56% of average net profits of the Company made during three immediately preceding financial years. Refer to Annexure F to the Board Report in Annual Report
5. List of activities in which expenditure in 4 above has been incurred:-	a. Promotion of education b. Eradicating extreme hunger and poverty c. Promotion of cyber security

SECTION C: OTHER DETAILS

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION D: BR INFORMATION

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

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

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

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

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

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

P3. Businesses should promote the wellbeing of all employees

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

P5. Businesses should respect and promote human rights

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

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

P8. Businesses should support inclusive growth and equitable development

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

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

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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

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

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

3. Governance related to BR

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

The CEO assesses the BR performance of the Company annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? **No**

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs /Others?	Yes, the policy is applicable to all employee(s)/ Directors or any other stakeholders.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During FY 2020-21, Company had received 1 complaint regarding non receipt of Annual Report which was resolved till the date of this report. There is no complaint pending till the date of this report. The Company has adopted the Whistle blower / Vigil Mechanism where it allows its employees and stakeholders to report the violation of Code of Conduct, Company Policy, or any other applicable law or regulation. The details of the policy are available on the Company's website at the following link: https://www.quickheal.co.in/documents/investors/policies/whistleblower-policy-&-vigil-mechanism.pdf

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 2

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

Principle 3

1. Please indicate the Total number of employees.	972
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.	93
3. Please indicate the Number of permanent women employees.	156
4. Please indicate the Number of permanent employees with disabilities	NA
5. Do you have an employee association that is recognised by management?	No
6. What percentage of your permanent employees is members of this recognised employee association?	NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year*	Nil

BUSINESS RESPONSIBILITY REPORT (Contd.)

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	(a) Permanent Employees - 100% (b) Permanent Women Employees - 100% (c) Casual/Temporary/Contractual Employees - 100% (d) Employees with Disabilities – NA

**Information to be provided under Point No. 7 above*

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

Principle 4

1. Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders	Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.	Yes, Company has taken various special initiatives to engage with disadvantaged, vulnerable and marginalised stakeholders which are as follows: a. Education Our initiatives help empower young students with crucial life skills, and cyber security awareness. We provide awareness regarding threats in cyber world, child and sexual abuse and ways to prevent it and more Due to pandemic, we have conducted online webinars under "Cyber Shiksha for Cyber Suraksha" b. Health Our initiative is to provide basic health care to people in remote area & provide support in case of health emergency. i) Support in covid19 – Through our initiative we helped during covid19 by distributing food grain packets to needy people, PPE kits to heath workers, immunity booster drugs to frontline workers. ii) Donation of medical van – Donation of medical van to NGOs working in health sector in remote area for providing basic health facilities.

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 5

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures /Suppliers /Contractors /NGOs /Others?	The policy extends to the Quick Heal Group
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year, the Company did not receive any complaint from its stakeholders.

Principle 6

1.	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.	The policy extends to Quick Heal Group
2.	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has installed 45KW Solar plant at Thube Park, Shivajinagar offices in Pune. Plant is running & generating more than 5% of it's total energy requirement for location.
3.	Does the Company identify and assess potential environmental risks? Y/N	Yes
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Company do not generate any hazardous waste.
5.	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has installed 45KW Solar plant at Thube Park, Shivajinagar office. Plant is running & generating more than 5% of it's total energy requirement for location.
6.	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	E-waste generated by the Company is in the permissible limit.
7.	Number of show cause/ legal notices received from CPCB/ SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Company did not received any show cause/ legal notice during the financial year ended March 31, 2021.

Principle 7

1.	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of: a. Association of Antivirus b. Confederation of Indian Industries c. Data Security Council of India d. Proventus Angel Network LLP
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No

Principle 8

BUSINESS RESPONSIBILITY REPORT (Contd.)

1. Does the Company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Company has a Cyber Security Awareness program. Company's awareness initiatives aim to do just that, for future bastions of the fight against cyber threats. We directly involve students, teachers and the public in these initiatives. Initiatives: Cyber Sbiksha for Cyber Suraksha
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	Projects undertaken are: a. Cyber Security Awareness - In house team, Maharashtra cyber officers, educationists & psychologists
3. Have you done any impact assessment of your initiative?	No
4. What is your Company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?	Education Quick Heal initiatives in education conducted webinars "Cyber Shiksha for Cyber Suraksha" focusing on cyber security awareness. Impact Figures 6838 people impacted Students, teachers & parents Health Support in covid19 – Provided food grain packets to needy people, PPE kit & immunity booster drugs to front line workers. Impact figures 1,00,000+ Donation of Medical van To provide basic health facility to people leaving in remote area by donating well equipped medical van. Impact figures 30,000
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	For Life Skill Education - We take a survey of the students after 45 days of the session. This survey helps us know if students have adopted the teachings or not. For Shalangan- Since it is a yearlong activity, we communicate with students to know the improvements.
Principle 9	
1. What percentage of customer complaints /consumer cases are pending as on the end of financial year.	We have a formal system of receiving Customer complaints through channels like voice, chat, email and social media. During the year under review, we have addressed customer queries/ complaints through these channels ensuring all of them have been resolved. As regards consumer cases, 08 consumer cases were pending before different Forums/Commissions at the beginning of the year. During the year, one consumer case was filed and one case is in appeal leaving a total of ten pending cases as on end of FY 2020-21

BUSINESS RESPONSIBILITY REPORT (Contd.)

2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Since the Company is in the business of software products, the Company makes necessary disclosures about the software products being developed to its customers as per its contractual obligations.
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	There is no anti-competitive behaviour, abuse of dominant position or unfair trade practices cases pending against the Company
4.	Did your Company carry out any consumer survey/ consumer satisfaction trends?	The Company carries on a consumer satisfaction survey on a periodic basis and compares the various parameters across multiple dimensions through peer comparison and its membership in the various chambers of commerce.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of
Quick Heal Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Quick Heal Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Revenue Recognition** Refer the disclosures related to Revenue recognition in Note 24 to the accompanying Financial Statements. Revenue is recognized in accordance with Ind AS 115- Revenue from contracts with customers, in accordance with which revenue from the sale of security software products and devices is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. The Application of Ind AS 115 involves certain key judgements relating to identification of separate performance obligations, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations; and recognition of such identified performance obligations based on timing of satisfaction (i.e. over time or point in time).	Our audit procedures in respect of this area include, but are not limited to, following: 1. Obtained and read contract with customers and confirmed our understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls on a sample basis. 2. Read and understood the Company's accounting policy for revenue recognition. 3. Confirmed our understanding of the nature of security software products sold by the Company. 4. Read the customer agreements, on a sample basis, to test the terms and conditions for sale of such products including identification of performance obligations and allocation of the transaction price to such performance obligation based on appropriate method, as applicable. 5. Discussed with management the key assumptions underlying the Company's assessment of cost related to identified performance obligations and tested mathematical accuracy of the underlying data used for computation and calculations made by the Company; and

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	Due to the significance of revenue and involvement of management judgments relating to identification of separate performance obligations, this is considered as a key audit matter.	6. Evaluated the appropriateness of the disclosures made in the financial statement in relation to revenue recognition as required by applicable accounting standards.
2	**Provision for credit loss for accounts receivables** Refer Note 11 of Financial statement The Company has total outstanding trade receivable amounting to ₹ 1,779.29 million as at March 31, 2021 out of which the Company has provided for ₹ 284.67 million towards expected credit loss in the books of account. We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.	We evaluated the judgement and estimation used by management in recognising the expected credit loss provision. Our procedures included, but were not limited to the following: 1. Obtained understanding of the Company's policy on assessment of expected credit loss against trade receivables, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls on a sample basis; 2. Requested for and obtained independent balance confirmations from the Company's customers on a sample basis; 3. Verified subsequent receipts after the year-end on a sample basis; 4. Tested aging of trade receivables for a sample of customer transactions; 5. Obtained management's assessment and plan for recovery with respect to trade receivables outstanding for more than 180 days; 6. Assessed the methodology applied for recognising expected credit loss against the trade receivables in the current year and compared the Company's provisioning rates against historical collection data; and 7. Evaluated the appropriateness of the disclosures made in the financial statement in relation to such provision as required under applicable accounting standards
3	**Provision for Impairment of Investment in subsidiaries** Refer Note 7 of Financial statement. Investment in subsidiaries as on March 31, 2021 amounts to ₹ 310.43 million against which provision of ₹ 188.15 million was made towards impairment in the books of account. In accordance with Ind AS 36 - Impairment of assets, at each reporting period end, management assesses the existence of impairment indicators of investments in subsidiaries. Processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply	We evaluated the judgement and estimation used by management in recognising the impairment provision in case of investment in shares. Our procedures included, but were not limited to the following: 1. Obtained understating of the Company's policy on assessment of impairment of investments in shares and the assumption used by the management, including design and implementation of controls, validation of management review controls; 2. Tested the operating effectiveness of the controls on a sample basis; 3. Obtained and read the valuation report provided by the Company's independent valuation experts, and assessed the expert's competence, capability and objectivity;

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. Since the amount of provision for impairment is material and involves significant management judgement and estimation, we have identified this as a key audit matter.	4. Evaluated management's methodology, assumptions and estimates used in the calculations; 5. verified completeness, arithmetical accuracy and validity of the data used in the calculations; and 6. Evaluated the appropriateness of the disclosures made in the financial statement in relation to the above as required under applicable accounting standards.

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

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

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 34(c) & (d) to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACH5200

Place: Pune
Date: May 15, 2021

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACH5200

Place: Pune
Date: May 15, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31, 2021

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion , undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable**.**

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ (in Millions)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Finance Act, 1994	Service tax on supply on licenses to end customer #	285.35	FY 2014-2015	CESTAT, Mumbai	
The Finance Act, 1994	Service tax on supply on licenses to end customer #	377.01	FY 2015-2016	CESTAT, Mumbai	
The Finance Act, 1994	Service tax on supply on licenses to end customer #	371.75	FY 2016-2017	Central excise and GST Pune Commissionerate	

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Name of the statute	Nature of dues	Amount ₹ (in Millions)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Finance Act, 1994	Service tax on supply on licenses to end customer #	15.68	FY 2017-2018	Central excise and GST Pune Commissionerate	
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A and disallowance of Depreciation	7.00*	FY 2013-14	Commissioner of Income Tax (Appeals)	
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	1.75*	FY 2015-16	Commissioner of Income Tax (Appeals)	
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A and disallowances of Expenses	6.17*	FY 2016-17	Commissioner of Income Tax (Appeals)	
Income Tax Act,1961	of expenses on 14A and disallowances of Expenses	10.84	FY 2017-18	Commissioner of Income Tax (Appeals)	
Maharashtra Value Added Tax Act-2002	Mismatching of ITC	3.35**	FY 2014-15	Dy Commissioner Sales Tax (Appeals)	
Maharashtra Value Added Tax Act-2002	Mismatching of ITC	4.31**	FY 2015-16	Dy Commissioner Sales Tax (Appeals)	
Central Sales Tax (Bombay) Rules 1957	Mismatching of ITC	0.93**	FY 2015-16	Dy Commissioner Sales Tax (Appeals)	
Central Sales Tax (Bombay) Rules 1957	Mismatching of ITC	1.58**	FY 2016-17	Dy Commissioner Sales Tax (Appeals)	

The amount of tax is calculated using the tax rates applicable during the relevant assessment year based on the amount of disallowances / adjustments under dispute.

* 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.

** including interest if any.

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. In our opinion, according to the information explanation provided to us, money raised by way of initial public offer or further public offer (including debt instruments) and term loans during the year have been applied for the purpose for which they were raised.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACH5200

Place: Pune
Date: May 15, 2021

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

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report

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

We have audited the internal financial controls with reference to standalone financial statements of Quick Heal Technologies Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED (Contd.)

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACH5200

Place: Pune
Date: May 15, 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

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

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	1,404.45	1,484.82
(b) Capital work-in-progress		21.10	34.00
(c) Intangible assets	6	52.65	99.61
(d) Investments in subsidiaries	7	122.28	100.64
(e) Financial assets			
(i) Investments	7	322.00	353.32
(ii) Loans and security deposits	8	3.75	3.81
(iii) Other financial assets	9	1.62	3.91
(f) Deferred tax assets (net)	30	-	25.86
(g) Income tax assets (net)	14	121.49	167.92
(h) Other non-current assets	15	24.64	5.32
		2,073.98	**2,279.21**
Current assets			
(a) Inventories	10	32.96	62.19
(b) Financial assets			
(i) Investments	7	3,833.10	2,745.22
(ii) Trade receivables	11	1,494.62	1,132.26
(iii) Cash and cash equivalents	12	95.35	35.57
(iv) Bank balances other than (iii) above	13	678.87	699.53
(v) Loans and security deposits	8	6.72	7.08
(vi) Interest accrued	9	7.95	15.30
(c) Other current assets	15	66.72	23.42
(d) Assets classified as held for sale	16	16.02	-
		6,232.31	**4,720.57**
Total assets		**8,306.29**	**6,999.78**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	642.07	642.03
(b) Share application money pending allotment		-	-
(c) Other equity	18		
(i) Retained earnings		5,816.79	4,747.59
(ii) Securities premium		594.33	593.84
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Capital redemption reserve		63.64	63.64
(vi) Other reserves		(35.50)	(41.68)
Total equity		**7,558.04**	**6,482.13**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	22	3.72	4.62
(b) Other non-current liabilities	21	-	19.63
(c) Deferred tax liabilities (net)	30	8.19	-
		11.91	**24.25**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	19	13.28	4.73
(b) Total outstanding dues creditors other than micro enterprises and small enterprises	19	483.86	378.87
(ii) Other financial liabilities	20	13.30	9.04
(b) Other current liabilities	21	182.43	83.79
(c) Net employee defined benefit liabilities	22	11.66	3.94
(d) Income tax liabilities (net)	23	31.81	13.03
		736.34	**493.40**
Total liabilities		**748.25**	**517.65**
Total equity and liabilities		**8,306.29**	**6,999.78**
Summary of significant accounting policies	3		

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

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

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	24	3,335.28	2,834.04
Other income	25	239.37	313.41
Total income		**3,574.65**	**3,147.45**
EXPENSES			
Cost of materials consumed	26(a)	10.27	8.16
Purchase of security software products	26(b)	80.45	95.94
(Increase) / decrease in security software products	26(c)	22.96	(16.18)
Employee benefits expense	27	1,131.97	999.90
Depreciation and amortisation expense	28	194.78	216.64
Other expenses	29	675.85	815.42
Total expenses		**2,116.28**	**2,119.88**
Profit before exceptional items and tax		**1,458.37**	**1,027.57**
Exceptional items [Refer note 41 (c)]		-	23.17
Profit before tax		**1,458.37**	**1,004.40**
TAX EXPENSE			
Current tax	30		
Pertaining to profit for the current period		339.24	210.45
Adjustments of tax relating to earlier periods (Net)		17.56	-
Deferred tax		33.63	57.56
Total tax expense		**390.43**	**268.01**
Profit for the year		**1,067.94**	**736.39**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		1.68	13.00
Income tax effect		(0.42)	(3.27)
		1.26	9.73
Net (loss) or gain on FVTOCI assets		-	-
Income tax effect		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1.26**	**9.73**
Total comprehensive income for the year		**1,069.20**	**746.12**
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2020: ₹ 10)]	31		
Basic		16.64	11.23
Diluted		16.62	11.22
Summary of significant accounting policies	3		

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

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

	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,458.37	1,004.40
Adjustment to reconcile profit before tax to net cash flows:		
Exceptional items	-	23.17
Net (gain) / loss foreign exchange differences	(2.89)	(0.28)
Employee share based payments expense	6.21	1.70
Depreciation and amortisation expense	194.78	216.64
Interest income	(71.27)	(81.28)
Provision for doubtful debts and advances	(38.62)	63.50
Bad debts / property, plant and equipment written off	34.71	1.64
(Profit) / loss on sale of property, plant and equipment	(0.37)	(5.29)
Dividend income	-	(67.92)
Net gain on sale of investment	(30.12)	(28.36)
Net (gain) / loss on FVTPL current investment	(90.03)	(66.28)
Operating profit before working capital changes	**1,460.77**	**1,061.64**
Movements in working capital:		
(Increase)/decrease in trade receivables	(355.56)	52.52
(Increase)/decrease in inventories	29.23	(20.78)
(Increase)/decrease in loans	0.42	(0.71)
(Increase)/decrease in other financial assets	2.29	0.13
(Increase)/decrease in other assets	(17.79)	14.63
Increase/(decrease) in net employee defined benefit liabilities	8.50	(17.93)
Increase/(decrease) in trade payables	90.42	(1.23)
Increase/(decrease) in other current liabilities	79.01	(47.60)
Cash generated from operations	**1,297.29**	**1,040.67**
Direct taxes paid (net of refunds)	(291.59)	(332.83)
Net cash flow from operating activities (A)	**1,005.70**	**707.84**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(88.71)	(113.92)
Proceeds from sale of property, plant and equipment	0.57	10.61
Investments in subsidiaries	(21.64)	(13.51)
Investments in non-current investments (other)	31.32	(34.34)
Purchase of current investments	(6,218.89)	(6,621.26)
Sale of current investments	5,251.16	7,550.10
(Increase)/decrease in bank balances other than cash and cash equivalents	20.66	519.91
Interest received	78.62	96.67
Dividends received	-	67.92
Net cash (used in) investing activities (B)	**(946.91)**	**1,462.18**

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

	Year ended March 31, 2021	Year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	0.49	(384.68)
Tax on equity dividend paid	-	(79.65)
Proceeds from issuance of equity shares (including securities premium)	0.50	0.25
Payout for buyback of shares	-	(1,750.00)
Net cash flow (used in) financing activities (C)	**0.99**	**(2,214.08)**
Net (decrease) in cash and cash equivalents (A+B+C)	**59.78**	**(44.06)**
Cash and cash equivalents at the beginning of the year	**35.57**	**79.63**
Cash and cash equivalents at the end of the year	**95.35**	**35.57**
Components of cash and cash equivalents		
Cash on hand	0.55	0.63
Balances with banks		
On current account	62.73	12.30
On EEFC account	31.36	3.09
Cheques on hand	0.71	19.55
Total cash and cash equivalents (refer note 12)	**95.35**	**35.57**

Summary of significant accounting policies

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Place: Pune
Date: May 15, 2021

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

Place: Pune
Date: May 15, 2021

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary

Regs. No. FCS-9901

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

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

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 2019	**70,563,654**	**705.63**
- Employee stock option plan (ESOP)	3,600	0.04
- Buy Back	(6,363,636)	(63.64)
As at March 31, 2020	**64,203,618**	**642.03**
- Employee stock option plan (ESOP) (refer note 17)	4,250	0.04
- Buy Back	-	-
As at March 31, 2021	**64,207,868**	**642.07**

B. Share application money pending allotment

	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment	-	-

C. Other equity

Other equity attributable to equity holders of the Company

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Capital redemption reserve	Retained earnings	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2019	**2,343.38**	**22.38**	**26.45**	**450.26**	**-**	**4,466.33**	**(65.68)**	**7,243.12**
Profit for the year	-	-	-	-	-	736.39		736.39
Other comprehensive income	-	-	-	-	-	9.73	-	9.73
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**746.12**	**-**	**746.12**
Expenses pertaining to share-based payments	-	1.70	-	-	-	-	-	1.70
Exercise of share options	0.38	-	-	-	-	-	-	0.38
Transferred from ESOP account	0.08	(0.08)	-	-	-	-	-	(0.00)
Utilised for buy back	(1,686.36)	-	-	-	-	-	-	(1,686.36)
Transferred to Capital redemption reserve	(63.64)	-	-	-	63.64	-	-	-
Appropriations:								
Final equity dividend	-	-	-	-	-	(128.40)	-	(128.40)
Tax on final dividend	-	-	-	-	-	(26.86)	-	(26.86)
Interim equity dividend	-	-	-	-	-	(256.81)	-	(256.81)
Tax on interim dividend	-	-	-	-	-	(52.79)	-	(52.79)
Balance as at March 31, 2020	**593.84**	**24.00**	**26.45**	**450.26**	**63.64**	**4,747.59**	**(65.68)**	**5,840.10**
Profit for the period	-	-	-	-	-	1,067.94		1,067.94
Other comprehensive income	-	-	-	-	-	1.26	-	1.26
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,069.20**	**-**	**1,069.20**
Expenses pertaining to share-based payments	-	6.21	-	-	-	-	-	6.21
Exercise of share options	0.46	-	-	-	-	-	-	0.46
Transfer from ESOP	0.03	(0.03)	-	-	-	-	-	-
Balance as at March 31, 2021	**594.33**	**30.18**	**26.45**	**450.26**	**63.64**	**5,816.79**	**(65.68)**	**6,915.97**

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

1. CORPORATE INFORMATION

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

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

The standalone financial statements of the Company for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on May 15, 2021.

2. BASIS OF PREPARATION

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

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

Items	Measurement basis
Certain non-derivative financial instruments	Fair value
Equity-settled share based payment transactions	Fair value on date of grant
Defined benefit plan assets	Fair value

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its standalone financial statements:

a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

The Company's standalone financial statements are presented in Indian Rupees, which is also the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

c) Fair value measurement

The Company measures financial instruments such as investments in equity shares (other than those in subsidiaries) at fair value at each balance sheet date.

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

d) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

(i) Sale of security software products and devices:

Revenue from the sale of security software products and devices (goods) is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In arrangements for sale of security software, the Company has applied the guidance in Ind AS 115, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering sale of security software and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 115. The Company allocates and defers revenue for the undelivered items based on the fair value of the undelivered elements.

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(ii) Income from services:

Revenues from support services are recognised as and when services are rendered. The Company collects GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iii) Revenue from software services:

The Company has applied the principal under Ind AS 115 to identify each performance obligation on licenses sold to customer. Revenue for identified performance obligation is recognised over the period of time, when such performance obligation is rendered. In absence of standalone selling price of the performance obligation, the contract price are allocated to each performance obligation of the contract on the basis of cost plus margin approach.

e) Other income

(i) Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included under the head "Other income" in the statement of profit and loss.

(ii) Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Company's right to receive is established. Dividend income is included under the head "Other income" in the statement of profit and loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

f) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

g) Property, plant and equipment

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

Depreciation on property, plant and equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The 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 amortised on a straight line basis over the period of lease, i.e. 30 years.

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

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

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e. software's are amortised on a straight line basis over the period of expected future benefits i.e. over their estimated useful lives of three years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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

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

Research and development costs

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

- 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

i) Leases

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

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

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

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

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

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

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

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

j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

- Raw materials are valued at lower of cost and net realisable 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 realisable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a weighted average basis.
- Traded goods are valued at lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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

l) Provisions

A provision is recognised 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

n) Retirement and other employee benefits

a) Short-term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay, etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

(i) Defined contribution plan

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

The Company recognise 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 recognised 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 recognised 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:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

c) Other long-term employment benefits:

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

o) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised 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 recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised 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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

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

q) Investment in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment in the standalone financial statements.

r) Assets held for sale

The Company recognise assets for sale of those assets which are not in use and identified for sale / disposal. The same is valued at net carrying amount or realisable value whichever is lower.

s) 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.

t) 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.

u) 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

v) Segment reporting

An operating segment is a component of a Company whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available. The Company has identified the Managing Director of the Company as its CODM.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Significant Judgement is required for identifying separate performance obligation, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations and recognition of such identified performance obligations based on timing of satisfaction (i.e. over time or point in time). The Company considered each promise in a contract with customer to transfer a goods or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer to identify separate performance obligation, transaction price is allocated to each performance obligation that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer and point of transfer of control in goods or service to determine whether the performance obligation is satisfied over time or at a point in time.

Estimates and assumptions

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

Impairment of non-financial assets

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

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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. Refer note 42 for further disclosures.

4(a) Standards issued but not yet effective

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

There is no such notification which would have been applicable from April 1, 2021.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land (refer note 1 below)	Leasehold premises	Buildings (refer note 2 below)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3 below)									
At April 1, 2019	26.63	21.32	1,609.74	396.73	181.33	95.99	229.69	15.08	2,576.51
Transfer	-	-	-	(1.77)	1.77	-	-	-	-
Additions	-	-	-	79.37	2.24	3.80	-	1.22	86.63
Disposals/written-offs	-	-	5.96	2.14	9.38	-	0.32	5.39	23.19
At March 31, 2020	**26.63**	**21.32**	**1,603.78**	**472.19**	**175.96**	**99.79**	**229.37**	**10.91**	**2,639.95**
Transfer	-	-	-	-	-	-	-	-	-
Additions	-	-	-	73.38	0.27	0.91	-	-	74.56
Reclassified as held for sale	-	-	28.26	-	-	-	-	-	28.26
Disposals/written-offs	-	-	-	0.04	1.75	0.21	1.18	0.41	3.59
At March 31, 2021	**26.63**	**21.32**	**1,575.52**	**545.53**	**174.48**	**100.49**	**228.19**	**10.50**	**2,682.66**
Depreciation (Gross) (refer note 3 below)									
At April 1, 2019	-	7.03	309.44	296.02	158.57	67.13	163.40	5.23	1,006.82
Transfer	-	-	-	(0.91)	0.91	-	-	-	-
Depreciation charge for the year	-	0.67	63.30	64.72	9.54	8.06	17.05	3.16	166.50
Disposals/written-offs	-	-	2.41	2.00	8.69	-	0.26	4.83	18.19
At March 31, 2020	**-**	**7.70**	**370.33**	**357.83**	**160.33**	**75.19**	**180.19**	**3.56**	**1,155.13**
Transfer	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	0.71	60.07	52.27	4.47	6.35	12.54	2.30	138.71
Reclassified as held for sale	-	-	12.24	-	-	-	-	-	12.24
Disposals/written-offs	-	-	-	0.04	1.66	0.20	1.11	0.38	3.39
At March 31, 2021	**-**	**8.41**	**418.16**	**410.06**	**163.14**	**81.34**	**191.62**	**5.48**	**1,278.21**
Net block									
At March 31, 2020	**26.63**	**13.62**	**1,233.45**	**114.36**	**15.63**	**24.60**	**49.18**	**7.35**	**1,484.82**
At March 31, 2021	**26.63**	**12.91**	**1,157.36**	**135.47**	**11.34**	**19.15**	**36.57**	**5.02**	**1,404.45**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 was ₹ 228.19.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

6. INTANGIBLE ASSETS

	Software	Total
Cost (Gross) (refer note 1 below)		
At April 1, 2019	472.48	472.48
Purchase	73.21	73.21
Disposals	75.81	75.81
At March 31, 2020	**469.88**	**469.88**
Purchase	9.11	9.11
Disposals	-	-
At March 31, 2021	**478.99**	**478.99**
Amortisation (Gross) (refer note 1 below)		
At April 1, 2019	395.62	395.62
Amortisation for the year	50.14	50.14
Disposals	75.49	75.49
At March 31, 2020	**370.27**	**370.27**
Amortisation for the year	56.07	56.07
Disposals	-	-
At March 31, 2021	**426.34**	**426.34**
Net block		
At March 31, 2020	**99.61**	**99.61**
At March 31, 2021	**52.65**	**52.65**

1. The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated amortisation above, for information purpose only. The accumulated amortisation as at April 1, 2015 was ₹ 174.39.

7. INVESTMENTS IN SUBSIDIARIES AND OTHERS

	As at March 31, 2021	As at March 31, 2020
Non - current investments		
Investment in equity shares (unquoted) (at cost)		
Investment in wholly owned subsidiaries		
5,600 (March 31, 2020: 5,000) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	174.37	152.73
Less: Impairment of investment in Quick Heal Technologies Japan K.K., Japan	(152.73)	(152.73)
	21.64	**-**
788,000 (March 31, 2020: 788,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	53.64	53.64
Less: Impairment of investment in Quick Heal Technologies America Inc., USA	(10.49)	(10.49)
	43.15	**43.15**
11,367,500 (March 31, 2020: 11,367,500) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya *	76.80	76.80
Less: Impairment of investment in Quick Heal Technologies Africa Limited, Kenya	(24.93)	(24.93)
	51.87	**51.87**
300 (March 31, 2020: 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)	**122.28**	**100.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

7. INVESTMENTS IN SUBSIDIARIES AND OTHERS (Contd.)

	As at March 31, 2021	As at March 31, 2020
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	33.54
7.39% National Highway Authority of India Bonds	24.84	24.84
	58.38	**58.38**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	74.52	273.14
	74.52	**273.14**
Investment in Preference shares (unquoted)		
1,49,925 (March 31, 2020: Nil) compulsory convertible preference shares (CCPS) of NIS 0.01 each fully paid-up in L7 Defense Limited	147.26	-
	147.26	**-**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2020: 4,472) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.65	66.65
Less: Fair value changes routed through OCI	(66.65)	(66.65)
	-	**-**
18,255 (March 31, 2020: 15,927) equity shares of NIS 0.01 each fully paid-up in L7 Defense Limited	21.84	21.80
	21.84	**21.80**
4,651 (March 31, 20120: Nil) equity shares of SGD 0.001 each fully paid-up in Ray Pte. Limited	20.00	-
	20.00	**-**
Sub total - Investments	**322.00**	**353.32**
Total non - current investments	**444.28**	**453.96**
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	3,833.10	2,745.22
Total current investments	**3,833.10**	**2,745.22**
Total non-current investments	**444.28**	**453.96**
Total current investments	**3,833.10**	**2,745.22**
Aggregate book value of quoted investments	3,907.62	3,018.36
Aggregate market value of quoted investments	3,907.62	3,018.36
Aggregate value of unquoted investments	369.76	180.82
Aggregate amount of impairment in value of investments	254.80	254.80
Investments carried at cost	122.28	100.64
Investments carried at amortised cost	58.38	58.38
Investments carried at fair value through profit or loss	4,054.88	3,018.36
Investments carried at fair value through other comprehensive income	41.84	21.80

* In the current year, Company had discontinued operation of Quick Heal Technologies Africa Limited, Kenya.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

8. LOANS AND SECURITY DEPOSITS

	As at March 31, 2021	As at March 31, 2020
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	6.72	7.08
Total current	**6.72**	**7.08**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.75	3.81
Total non - current	**3.75**	**3.81**

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

9. OTHER FINANCIAL ASSETS

	As at March 31, 2021	As at March 31, 2020
Current		
Interest accrued		
on bank balance	7.95	15.26
Advance to subsidiaries (refer note 40)	-	0.04
Total current	**7.95**	**15.30**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	1.62	3.91
Total non - current	**1.62**	**3.91**
Other financial assets carried at amortised cost	9.57	19.21

Out of the total deposits, ₹ 1.62 (March 31, 2020: ₹ 3.91) are pledged against bank guarantees.

10. INVENTORIES

	As at March 31, 2021	As at March 31, 2020
At lower of cost and net realisable value		
Raw materials - Security software devices (Unified Threat Management)	7.08	13.35
Finished goods - Security softwares	25.88	48.84
Total	**32.96**	**62.19**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

11. TRADE RECEIVABLES

	As at March 31, 2021	As at March 31, 2020
Trade receivables	1,489.96	1,119.55
Trade receivable from related parties (refer note 40)	4.66	12.71
Total	**1,494.62**	**1,132.26**

Break-up for security details:

	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Considered good - Unsecured	1,494.62	1,132.26
Receivable which have significant increase in credit risk	-	-
Receivables - credit impaired	284.67	323.29
Total	**1,779.29**	**1,455.55**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	-	-
Receivables - credit impaired	(284.67)	(323.29)
	(284.67)	**(323.29)**
Total	**1,494.62**	**1,132.26**

* The management has evaluated credit impairment allowance base on the net outstanding position.

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

For terms and condition relating to related party receivables, refer note 40.

12. CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
On current account	62.73	12.30
On EEFC account	31.36	3.09
Cheques on hand	0.71	19.55
Cash on hand	0.55	0.63
Total	**95.35**	**35.57**

13. OTHER BANK BALANCES

	As at March 31, 2021	As at March 31, 2020
Bank balances		
Deposits with remaining maturity of less than twelve months	677.37	698.52
Unpaid dividend account	1.50	1.01
Total	**678.87**	**699.53**

Out of the total deposits, ₹ 2.17 (March 31, 2020: ₹ 1.02) are pledged against bank guarantees.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

14. NON-CURRENT INCOME TAX ASSETS (NET)

	As at March 31, 2021	As at March 31, 2020
Advance tax (net of provision for tax)	121.49	167.92
Total	**121.49**	**167.92**

15. OTHERS ASSETS

	As at March 31, 2021	As at March 31, 2020
Current (unsecured, considered good)		
Prepaid expenses	41.71	20.26
Balances with government authorities	1.37	0.87
Advance to suppliers	23.64	0.52
Other assets	-	1.77
Total current	**66.72**	**23.42**
Non - current (unsecured, considered good)		
Prepaid expenses	2.93	5.32
Non - current (unsecured, considered doubtful)		
Capital advances	24.71	3.00
Less: provision for doubtful capital advances	(3.00)	(3.00)
Total non - current	**24.64**	**5.32**
Total current	**66.72**	**23.42**
Total non - current	**24.64**	**5.32**

16. ASSETS CLASSIFIED AS HELD FOR SALE

	As at March 31, 2021	As at March 31, 2020
Buildings	16.02	-
	16.02	**-**

Note : Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of above assets was determined using the market value approach.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

17. EQUITY SHARE CAPITAL

	As at March 31, 2021	As at March 31, 2020
Authorised shares		
75,000,000 (March 31, 2020: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
64,207,868 (March 31, 2020: 64,203,618) equity shares of ₹ 10 each	642.07	642.03
Total issued, subscribed and fully paid-up share capital	**642.07**	**642.03**

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

	As at March 31, 2021		As at March 31, 2020	
	No.	₹	No.	₹
At the beginning of the year	64,203,618	642.03	70,563,654	705.63
Issued during the year				
Add: Employee stock option plan (ESOP)	4,250	0.04	3,600	0.04
Less: Shares bought back	-	-	6,363,636	63.64
Outstanding at the end of the year	**64,207,868**	**642.07**	**64,203,618**	**642.03**

(b) Terms / rights attached to equity shares

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

The Board of Directors, in their meeting held on February 24, 2020, declared and paid an interim dividend of ₹ 4.00 per equity share. The amount was recognised as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 309.60 including dividend distribution tax.

The Board of Directors, in their meeting on May 15, 2021, have proposed a final dividend of ₹4 per equity share for the financial year ended March 31, 2021. 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 ₹ 256.83

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

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

None.

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

	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding	Nos.	% holding
Equity shares of ₹ 10 each fully paid-up				
Kailash Katkar	18,794,713	29.27%	18,794,713	29.27%
Sanjay Katkar	18,794,713	29.27%	18,794,713	29.27%
Anupama Katkar	4,585,176	7.14%	4,585,176	7.14%
Chhaya Katkar	4,585,176	7.14%	4,585,176	7.14%
Sequoia Capital India Investment Holdings III	3,256,661	5.07%	3,256,661	5.07%

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

17. EQUITY SHARE CAPITAL (Contd.)

(e) Shares reserved for issue under option

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

(f) Buyback of shares

a) The Board of Directors of the Company at its meeting held on March 5, 2019 and the shareholders by way of postal ballot on April 13, 2019, approved the buy back of the Company fully paid equity shares of the face value of ₹ 10 each from its shareholder/beneficial owners of equity shares of the Company including promoters and promoter group of the Company as on the record date, on a proportionate basis through the "tender offer" route at a price of ₹ 275 per share for an aggregate amount not exceeding ₹ 1,750. The Company completed the Buy Back Process in June 2019 and has complied with all the requisite formalities with SEBI and ROC

In accordance with section 69 of the Companies Act, 2013, during the three months ended June 30, 2019, the Company has created 'Capital Redemption Reserve' of ₹ 63.64 equal to the nominal value of the shares bought back as an appropriation from Securities Premium Account.

b) The Board of Directors of the Company at its meeting held on March 10, 2021 and the shareholders by way of postal ballot on April 18, 2021 approved the buy back of the Company's fully paid equity shares of the face value of ₹ 10 each from its shareholder/beneficial owners of equity shares of the Company including promoters of the Company as on the record date i.e. May 03, 2021 on a proportionate basis through the "tender offer" route at a price of ₹ 245 per share for an aggregate amount not exceeding ₹ 1,550. The Company had filed the draft letter of offer (DLoF) with Securities and Exchange Board of India (SEBI) on April 27, 2021. Further, the Company has received final SEBI observations on the DLoF and shall be dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date of May 03, 2021, on or before May 21, 2021.

18. OTHER EQUITY

	As at March 31, 2021	As at March 31, 2020
(a) Retained earnings		
Balance as at the beginning of the year	4,747.59	4,466.33
Add: Amount transferred from surplus balance in the statement of profit and loss	1,069.20	746.12
Add: ESOP Outstanding	-	-
Less: Appropriations		
Final equity dividend [amount per share ₹ Nil (March 31, 2020: ₹ 2)]	-	128.40
Tax on final dividend	-	26.86
Interim equity dividend [amount per share ₹ Nil (March 31, 2020: ₹ 4)]	-	256.81
Tax on interim dividend	-	52.79
Balance as at end of the year	**5,816.79**	**4,747.59**
(b) Securities premium		
Balance as at the beginning of the year	593.84	2,343.38
Add: Additions on ESOPs exercised	0.46	0.38
Add: Transferred from ESOP account	0.03	0.08
Less: Utilised for buy back	-	1,686.36
Less: Transferred to Capital redemption reserve	-	63.64
Balance as at end of the year	**594.33**	**593.84**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

18. OTHER EQUITY (Contd.)

	As at March 31, 2021	As at March 31, 2020
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Capital redemption reserve		
Balance as at the beginning of the year	63.64	-
Add: Amount transferred from securities premium	-	63.64
Balance as at end of the year	**63.64**	**63.64**
(f) Other reserve		
(i) Equity share option outstanding account		
Balance as at the beginning of the year	24.00	22.38
Add: Additions during the year	6.21	1.70
Less: Transfer to retained earning	-	-
Less: Transfer to securities premium on exercise of stock options	(0.03)	(0.08)
Balance as at end of the year	**30.18**	**24.00**
(ii) Equity instruments through Other comprehensive income		
Balance as at the beginning of the year	(65.68)	(65.68)
Add: Additions during the year	-	-
Balance as at end of the year	**(65.68)**	**(65.68)**
Total (i+ii)	**(35.50)**	**(41.68)**

Retained earnings

Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity;

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Amalgamation reserve

Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Company, had been merged with the Company with effect from April 1, 2010, the Appointed Date. The Company completed the process of amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, an amount of ₹ 26.45 was recorded as amalgamation reserve.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

18. OTHER EQUITY (Contd.)

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Capital redemption reserve account

In terms of section 69 of the Act, the Company shall transfer from its free reserves or Securities Premium reserve, a sum equal to nominal value of the equity shares bought back through the Buyback, to the Capital Redemption Reserve account. During the previous year the Company had conducted the buyback of 6,363,636 Equity share as approved by Board of Directors on March 5, 2019. This had resulted in a total outflow of ₹ 1,750. In Line with the requirement of the Companies Act 2013, an amount of ₹1,686.36 had been utilised from securities premium reserve. Further capital redemtion reserve of amount ₹ 63.64 (Representing the nominal value of share bought back had been created as an apportionment from security premium reserve. Consequent to such buyback, share capital has reduced to ₹ 642.1.

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 33 for further details of these plans.

FVTOCI reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Distribution made and proposed	Year ended March 31, 2021	Year ended March 31, 2020
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2020: ₹ Nil per share (March 31, 2019: ₹ 2 per share)	-	128.40
Dividend distribution tax on proposed dividend	-	26.86
Interim dividend for the year ended on March 31, 2021: ₹ Nil per share (March 31, 2020: ₹ 4)	-	256.81
Dividend distribution tax on interim dividend	-	52.79
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2021 : ₹ 4 per share (March 31, 2020: ₹ Nil per share)	256.83	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

19. TRADE PAYABLES

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues to micro enterprises and small enterprises (refer note 35)	13.28	4.73
Total outstanding dues creditors other than micro enterprises and small enterprises*	483.86	378.87
Total	**497.14**	**383.60**

* Includes amount payable to independent directors (refer note 40)

20. OTHER CURRENT FINANCIAL LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	11.80	8.03
Unpaid dividend	1.50	1.01
Total	**13.30**	**9.04**
Total current	**13.30**	**9.04**

21. OTHER LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Current		
Deferred revenue (refer note 24)	25.31	23.13
Tax deducted at source payable	24.69	16.07
GST / Vat payable	101.13	34.62
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	31.30	9.97
Total	**182.43**	**83.79**
Non - current		
Security deposit	-	19.63
Total	**-**	**19.63**
Total current	**182.43**	**83.79**
Total non - current	**-**	**19.63**

Terms and conditions of the above financial and other liabilities:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

22. NET EMPLOYEE DEFINED BENEFIT LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Current		
Provision for gratuity (refer note 32)	1.84	1.17
Provision for leave benefits	9.82	2.77
Total	**11.66**	**3.94**
Non - current		
Provision for gratuity (refer note 32)	-	-
Provision for leave benefits	3.72	4.62
Total	**3.72**	**4.62**
Total current	**11.66**	**3.94**
Total non - current	**3.72**	**4.62**

23. CURRENT INCOME TAX LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Current tax liabilities (net of advance tax)	31.81	13.03
Total	**31.81**	**13.03**

24. REVENUE FROM OPERATIONS (NET)

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of security software products	3,327.45	2,824.08
Sale of software support & services	7.83	9.96
Total	**3,335.28**	**2,834.04**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and details of products and services sold. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue by Geography		
From India	3,191.74	2,745.23
From outside India	143.54	88.81
Total	**3,335.28**	**2,834.04**
Revenue by type of products and services sold		
Security software licenses	3,327.45	2,824.08
Software support & services	7.83	9.96
Total	**3,335.28**	**2,834.04**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

24. REVENUE FROM OPERATIONS (NET) (Contd.)

Changes in deferred revenue are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	23.13	21.60
Less: Revenue recognised during the year	10.20	13.73
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	12.38	15.26
Balance at the end of the year	**25.31**	**23.13**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2021, is ₹ 25.31 (March 31, 2020 : ₹ 23.13). Out of this, the Company expects to recognise revenue of around ₹ 25.31 within one to three years respectively, depending on the license period.

25. OTHER INCOME

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on		
Bank deposits	57.65	75.11
Others	13.62	6.17
Dividend income on current investments	-	67.92
Net gain on sale of current investments	30.12	28.36
Profit on sale of fixed assets (net)	0.37	5.29
Foreign exchange gains (net)	-	0.28
Fair value gain on financial instruments at fair value through profit and loss *	90.03	66.28
Miscellaneous income	47.58	64.00
Total	**239.37**	**313.41**

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

26. DETAILS RELATED TO COST OF SECURITY SOFTWARE DEVICES AND SOFTWARE PRODUCTS

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Cost of materials consumed		
Inventory at the beginning of the year	13.35	8.75
Add: Purchases	4.00	12.76
Less: Inventory at end of the year	7.08	13.35
Sub-total	**10.27**	**8.16**
(b) Purchase of security software products		
Security software products	80.45	95.94
Sub-total	**80.45**	**95.94**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	48.84	32.66
Less: Inventory at end of the year	25.88	48.84
Sub-total	**22.96**	**(16.18)**
Total	**113.68**	**87.92**

Details of raw materials consumed

	Year ended March 31, 2021	Year ended March 31, 2020
Security software devices - Unified Threat Management (UTM)	10.27	8.16
	10.27	**8.16**

Details of inventory

	As at March 31, 2021	As at March 31, 2020
Raw materials		
Security software devices - Unified Threat Management (UTM)	7.08	13.35
	7.08	**13.35**
Finished goods		
Security software products	25.88	48.84
	25.88	**48.84**

27. EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	1,062.13	935.64
Contribution to provident and other funds	25.04	23.52
Gratuity expenses (refer note 32)	18.32	17.52
Staff welfare expenses	20.27	21.52
Employee share based payment expenses (refer note 33)	6.21	1.70
Total	**1,131.97**	**999.90**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

28. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (refer note 5)	138.71	166.50
Amortisation of intangible assets (refer note 6)	56.07	50.14
Total	**194.78**	**216.64**

29. OTHER EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Web publishing expenses	13.68	18.08
Technology subscription & Fees for technical service	61.06	64.55
Power and fuel	23.50	35.12
Rent (refer note 34 (a))	13.59	13.57
Rates and taxes	11.54	8.82
Insurance	3.73	4.53
Repairs and maintenance		
Buildings	11.97	9.33
Others	18.90	17.45
Corporate Social Responsibility (CSR) expenditure (refer note 38)	24.34	22.85
Commission to independent directors (refer note 40)	3.00	1.95
Directors' sitting fees (refer note 40)	1.12	1.10
Business promotion expenses	21.46	169.97
Advertisement and sales promotion	204.71	142.41
Freight and forwarding charges	6.88	5.75
Travelling and conveyance	13.03	29.34
Communication costs	72.29	59.98
Office expenses	28.24	39.17
Donations	3.00	0.15
Marketing Support Services	39.12	-
Legal and professional fees	84.60	88.49
Payment to statutory auditor (refer details below)	3.36	3.23
Foreign exchange loss (net)	2.89	-
Property, plant and equipment written off	-	1.09
Provision for doubtful debts and advances	(38.62)	63.50
Bad debts written off	34.71	0.55
Miscellaneous expenses	13.75	14.44
Total	**675.85**	**815.42**

Payment to auditor (excluding Goods and service tax)

	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
Audit fees	0.83	0.85
Limited review	2.25	2.25
In other capacity:		
Others (including certification fees)	0.26	0.10
Reimbursement of expenses	0.02	0.03
Total	**3.36**	**3.23**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

30. INCOME TAX

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

Statement of profit and loss section

	March 31, 2021	March 31, 2020
Current income tax:		
Current income tax charge	339.24	210.45
Adjustment in respect of current tax of previous years	17.56	-
Deferred tax:		
Relating to origination and reversal of temporary differences	33.63	57.56
Income tax expense reported in the statement of profit and loss	**390.43**	**268.01**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	0.42	3.27
Income tax charged /(credit) to OCI	**0.42**	**3.27**

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

	March 31, 2021	March 31, 2020
Accounting profit before tax	1,458.37	1,004.40
At India's statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	367.04	252.79
Adjustments (non-deductible expenses):		
Adjustments of tax relating to earlier periods (Current and deferred)	17.56	-
CSR expenditure	6.89	2.88
Dividend income	-	(17.09)
Tax impact on impairment of subsidiaries	-	5.83
Tax impact due to tax rate	-	25.09
Others	(1.06)	(1.49)
***At the effective income tax rate of 25.168% [March 31, 2020: 25.168%%]**	**390.43**	**268.01**
(Calculated on PBT after exceptional items)		
Income tax expense reported in the statement of profit and loss	**390.43**	**268.01**

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Accelerated depreciation for tax purposes	(52.52)	(46.49)	6.03	2.28
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3.90	4.46	0.56	32.76
Provision for doubtful debts and advances	71.65	81.37	9.72	12.69
Deferred revenue	6.36	5.82	(0.54)	1.73
IPO expenses allowed as per section 35(D)	-	0.94	0.94	(0.94)
Investment in mutual fund	(31.31)	(13.97)	17.34	9.04
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(6.27)	(6.27)	-	3.27
Net deferred tax expense / (income)			**34.05**	**60.83**
Net deferred tax assets / (liabilities)	**(8.19)**	**25.86**		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

30. INCOME TAX (Contd.)

Reflected in the balance sheet as follows:

	March 31, 2021	March 31, 2020
Deferred tax liabilities	(90.10)	(66.73)
Deferred tax assets	81.91	92.59
Deferred tax assets, net	**(8.19)**	**25.86**

Reconciliation of deferred tax assets, net

	March 31, 2021	March 31, 2020
Opening balance as of April 1	25.86	86.69
Tax income / (expenses) during the period recognised in statement of profit and loss	(33.63)	(57.56)
Tax income / (expense) during the period recognised in OCI	(0.42)	(3.27)
Closing balance	**(8.19)**	**25.86**

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.

31. EARNINGS PER SHARE (EPS)

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

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

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

		Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax attributable to equity shareholders of the Company	(A)	1,067.94	736.39
Weighted average number of equity shares in calculating basic EPS	(B)	64,204,491	65,593,596
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	53,384	11,678
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	64,257,874	65,605,274
Basic earning per share of face value of ₹ 10 each (in ₹)	**(A/B)**	**16.64**	**11.23**
Diluted earnings per share of face value of ₹ 10 each (in ₹)	**(A/D)**	**16.62**	**11.22**

* 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, 2021 (Contd.)

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

32. GRATUITY BENEFIT PLANS

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

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
Statement of profit and loss:		
Current service cost	18.37	16.57
Past service cost	-	-
Net interest (income) / expense	(0.05)	0.95
Curtailment gain / (loss)	-	-
Settlement gain / (loss)	-	-
Net benefit expense recognised in the statement of profit and loss	**18.32**	**17.52**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.88)	(0.20)
Actuarial gain / (loss) arising on account of experience changes on plan assets	1.30	0.13
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	1.75	13.11
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	-	1.74
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	(0.49)	(1.78)
Total amount recognised in OCI	**1.68**	**13.00**

	As at March 31, 2021	As at March 31, 2020
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(1.17)	(31.37)
Expense charged to statement of profit and loss	(18.32)	(17.52)
Amount recognised in OCI	1.68	13.00
Contribution by employer	17.00	35.62
Mortality charges and taxes	(1.02)	(0.90)
Closing net defined benefit (liability)	**(1.83)**	**(1.17)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

32. GRATUITY BENEFIT PLANS (Contd.)

Changes in the present value of the defined benefit obligation (DBO) are as follows:

	As at March 31, 2021	As at March 31, 2020
Opening DBO	(64.62)	(68.64)
Interest cost	(3.18)	(4.39)
Current service cost	(18.37)	(16.57)
Past service cost	-	-
Benefits paid	13.35	11.91
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	1.75	13.11
Actuarial (loss) / gain arising from change in demographic assumptions	-	1.74
Actuarial gain / (loss) arising on account of experience changes	(0.49)	(1.78)
Benefits paid	-	-
Closing defined benefit (obligation) / asset recognised in balance sheet	**(71.56)**	**(64.62)**

Changes in the fair value of plan assets:

	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	63.45	37.27
Interest income	3.22	3.44
Contributions by employer	17.00	35.62
Mortality charges and taxes	(1.02)	(0.90)
Benefits paid	(13.35)	(11.91)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.88)	(0.20)
Actuarial gain / (loss) arising on account of experience changes on plan assets	1.30	0.13
Closing fair value of plan assets	**69.72**	**63.45**
Actual return on plan assets	**3.65**	**3.38**
Net defined benefit liability		
DBO	(71.56)	(64.62)
Fair value of plan assets	69.72	63.45
Closing net defined benefit liability	**(1.84)**	**(1.17)**
Net liability is bifurcated as follows:		
Current*	**(1.84)**	**(1.17)**
Non - current	**-**	**-**

* The Company expects to contribute ₹ 10 (March 31, 2020: ₹ 10.00) to gratuity in the next year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

32. GRATUITY BENEFIT PLANS (Contd.)

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

	As at March 31, 2021	As at March 31, 2020
(i) Government of India Securities	0.00%	0.00%
(ii) Corporate bonds	0.00%	0.00%
(iii) Special deposit scheme	0.00%	0.00%
(iv) Insurer managed funds	100.00%	100.00%
Total	**100.00%**	**100.00%**

The principal assumptions used in determining gratuity obligations for the Company are shown below:

	As at March 31, 2021	As at March 31, 2020
Discount rate	5.30%	5.50%
Employee turnover	30.00%	30.00%
Expected rate of increment in compensation levels		
- First two years	0.00%	8.00%
- Thereafter	0.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no change in expected rate of return on assets.

A quantitative sensitivity analysis for significant assumptions as at March 31, 2021 and March 31, 2020 is shown below:

	Sensitivity Level	Defined benefit obligation	
		March 31, 2021	March 31, 2020
Discount rate	1% decrease	74.12	66.86
	1% increase	69.19	62.55
Future salary increase	1% decrease	69.96	63.26
	1% increase	73.25	66.06
Withdrawal rate	1% decrease	71.95	64.92
	1% increase	71.21	64.36

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan:

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	15.75	15.73
Between 2 and 5 years	55.37	49.01
Beyond 5 years	45.71	39.77
Total expected payments	**116.83**	**104.51**

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

	As at March 31, 2021	As at March 31, 2020
Weighted average duration of defined benefit plan obligation	4.36 years	4.36 years

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. SHARE BASED ARRANGEMENTS

Share based payment arrangement 2010

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

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

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

The vesting pattern of scheme is as follows:

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

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

	Year ended March 31, 2021		Year ended March 31, 2020	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-	4,440	37.50
Granted during the year	-	-	-	-
Forfeited during the year	-	-	4,440	37.50
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	37.50
Exercisable at the end of the year	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. SHARE BASED ARRANGEMENTS (Contd.)

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

	As at March 31, 2021	As at March 31, 2020
Exercise price	-	37.50 – 110.00
Number of options outstanding (numbers)	-	-
Weighted average remaining contractual life of options (in years)	-	-
Weighted average exercise price	-	37.50

The weighted average share price at the date of exercise of these options, as at March 31, 2021 was ₹ Nil
The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ Nil

Share based payment arrangement 2014

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

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

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	2.43 - 7.57
Grant VII	3.49 - 6.51
Grant VIII	3.66 - 6.34
Grant IX	3.74 - 6.26
Grant X	4.39 - 5.61
Grant XI	3.75 - 6.25
Grant XII	3.49 - 6.51
Grant XIII	2.81 - 7.19
Grant XIV	2.47 - 7.53
Grant XV	2.44 - 7.56
Grant XVI	1.74 - 8.26
Grant XVII	1.25 - 8.75
Grant XVIII	0.94 - 9.06
Grant XIX	0.75 - 9.25
Grant XX	0.29 - 9.71
Grant XXI	0.15 - 9.85
Fair value of shares on date of grant	₹ 93 - ₹ 294.33
Vesting conditions	Continued employment and performance of employee as per contract

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. 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 summarised below:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	549,627	203.51	711,227	215.99
Granted during the year	576,700	96.83	119,600	147.81
Forfeited during the year	152,000	204.78	279,100	210.69
Exercised during the year	4,250	117.35	2,100	113.57
Expired during the year	-	-	-	-
Outstanding at the end of the year	970,077	140.69	549,627	203.51
Exercisable at the end of the year	196,702	202.22	223,527	201.02

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

	As at March 31, 2021	As at March 31, 2020
Exercise price (₹)	93.00 – 294.33	110.00 – 294.33
Number of options outstanding	970,077	549,627
Weighted average remaining contractual life of options (in years)	4.59	4.51
Weighted average exercise price (₹)	140.69	203.51

The weighted average share price at the date of exercise of these options, as at March 31, 2021 was ₹ 140.69

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ 203.51

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 ₹ 51.16 (March 31, 2020: ₹ 147.81). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2021	As at March 31, 2020
Weighted average share price (₹)	96.83	147.81
Exercise price (₹)	93.00	123.60
Expected volatility (%)	35.22%	26.63%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	0.15 - 8.85 years	3.50 - 6.76 years
Average risk-free interest rate (%)	6.42%	6.62%
Dividend yield	1.58%	1.21%

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

	Year ended March 31, 2021	Year ended March 31, 2020
Expense arising from equity settled share based payment transaction	6.21	1.70

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

34. COMMITMENTS AND CONTINGENCIES

a. Operating lease - Company as a lessee

The Company has obtained office premises under lease as per the lease agreements for various periods which are generally cancellable and renewable by mutual consent on mutually agreed terms. Further, there are no restrictions imposed by lease agreements and there are no subleases.

The Company has elected not to apply the requirement of Ind AS 116 for short term leases or leases for which the underlying asset is of low value, the lease payments associated with these leases are expensed as per the terms of lease agreement.

Effective April 01, 2019, the Company adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives and accordingly disclosure is given only for the year ended March 31, 2021.

The lease rentals charged during the year is as under:

	Year ended March 31, 2021	Year ended March 31, 2020
Lease rentals recognised during the year	13.59	13.57

	Year ended March 31, 2021	Year ended March 31, 2020
Short term leases expenses	13.59	13.57
Low value lease expenses	-	-
More than five years	-	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	-
Total Lease expense	**13.59**	**13.57**

Finance lease - Company as a lessee

The Company has finance leases contracts for building purchased during the financial year ended March 31, 2015. These leases involve upfront payment to the lessor as and by way of premium for grant of lease of the building by the lessor to the lessee. No lease rent was payable by the lessee to the lessor for grant of lease from lessee. There is no escalation clause and no minimum lease payments (MLP) under finance lease.

b. Commitments

	As at March 31, 2021	As at March 31, 2020
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	30.52	-
Other commitments:		
Commitments in relation to purchases & Services	25.78	7.31

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

34. COMMITMENTS AND CONTINGENCIES (Contd.)

c. Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	1,610.50	1,049.79
Maharashtra Value Added Tax [Note (ii)]	7.65	-
Central Sales Tax (Bombay) [Note (iii)]	2.51	-
Total	**1,620.66**	**1,049.79**

i) During the year ended March 31, 2019, Company had received notice of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for ₹ 387.43 (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. Company replied to the notice of demand to Commissioner of Goods and Service Tax, Pune.

During the earlier years, Company received similar notice of demands in relation to service tax under the provisions of Finance Act, 1994 for ₹ 1,223.07 (excluding penalty of ₹ 626.97 and pre-deposit, if any) covering the period from March 1, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 1, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 1, 2014 to March 31, 2016.

The Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Principal Bench, New Delhi, vide its judgment (Order No. 50022/2020) dated January 09, 2020 (Service Tax Appeal No. 51175 of 2016), has set aside the Service Tax demand for ₹ 560.71 along with interest and penalty which was earlier confirmed by Directorate General of Central Excise Intelligence (DGCEI), New Delhi vide its Order of 2016 covering period from for the period March 1, 2011 to March 31, 2014.

Based on this latest judgement of CESTAT, New Delhi, technical circular issued by government authorities and an independent legal opinion obtained by the Company in earlier years, the Company is confident to get relief and set aside for balance period from April 01, 2014 to June 30, 2017. Accordingly, no provision/contingent liability had been recognised/disclosed in the financial statements.

The Commissioner of Service Tax, Delhi has preferred an appeal against the above said Order passed by the Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT) amounting to ₹ 560.71 and hearing for admission level is pending with the Hon'ble Supreme Court.

ii) During the year ended March 31, 2021, the Company had received an order of demand dated December 16, 2020 and demand dated July 09, 2020, in relation to Maharashtra VAT under the provisions of Maharashtra Value Added Tax, 2002 for ₹ 3.35 (Including interest) and ₹ 4.31 (Including interest) covering the period from April 1, 2014 to March 31, 2015 and April 1, 2015 to March 31, 2016 respectively, on Input Tax Credit disallowed. The Company has filed an appeal against the demand order before Dy. Commissioner of Sales Tax, Pune.

Based on the appeal filed for the above years, the Company is confident of getting the claims set aside for above period. Accordingly no provision has been recognised/disclosed in the financial statements

iii) During the year ended March 31, 2021, Company had received an order of demand dated February 25, 2021 and July 08, 2020 in relation to Central Sales Tax, (Bombay) Rules 1957 for ₹ 0.93 (Including Interest) and ₹ 1.58 (Including Interest) covering period from April 1, 2015 to March 31, 2016 and period from April 1, 2016 to March 31, 2017 respectively, on Input Tax Credit disallowed. The Company had filed an appeal against demand order before Dy. Commissioner of Sales Tax, Pune.

Based on the appeal filed for the above years, the Company is confident of getting the claims set aside for above period. Accordingly, no provision has been recognised/disclosed in the financial statements

iv) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

34. COMMITMENTS AND CONTINGENCIES (Contd.)

d. Other litigations

i) In the year 2016, one of the erstwhile distributors of the Company had filed a suit before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal against the Company and others, claiming Intellectual Property Rights to one of the brand names (Quick Heal - Total Security) and alleging illegal usage of said brand name by the Company. The case was dismissed by the Court in June 2016 and was subsequently restored and fresh summon was received by the Company in November, 2018. The Company is contesting this case since receipt of notice from the Court and has filed its reply inter alia seeking dismissal of this Suit being not maintainable before the said Court as per applicable laws. The trade mark in question is registered in name of the Company and thus, the Company believes that it has sufficient grounds to counter the litigation.

ii) In February 2016, one of the erstwhile distributors instituted a suit at Hon'ble High Court, Calcutta against the Company and others claiming ₹16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. Later, this matter was transferred to the Commercial Bench of the Hon'ble High Court in November, 2017. The matter is pending for framing and adjudication of Preliminary issue in this matter in terms of the order passed by the Hon'ble High Court. With respect to the above matters, the Company believes that the suit is frivolous and defending to seek the leave of the court for its rejection/dismissal. As the Company believes that it is strongly placed in this matter with reference to facts of the case. Therefore, no provision in this regard has been recognised in the financial statements.

iii) An ex-distributor had filed First information Report (FIR) in May 2016 at Uttarpara Police Station, West Bengal, against certain directors of the Company, their wives and other associates alleging embezzlement of his investment and misappropriation of shares. The police had filed the charge sheet. The Company, its directors and others had filed quashing applications before Hon'ble Calcutta High Court and obtained stay on proceedings before trial Court. The Company also believes that police have not conducted proper investigation and have neither collected nor considered relevant records, documents, statements of witnesses and thus have sufficient and strong arguments on facts as well as on point of law.

All the above matters did not proceed as expected, during the year, due to ongoing pandemic in the country and limited functioning of the respective courts on high priority matters.

35. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT, 2006)

	Year ended March 31, 2021	Year ended March 31, 2020
Total outstanding dues of micro and small enterprises	13.28	4.73
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
Principal amount due to suppliers under MSMED Act, 2006	13.28	4.73
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

36. UTILISATION OF MONEY RAISED THROUGH PUBLIC ISSUE

During the year ended March 31, 2016, the Company has raised ₹ 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2021 and March 31, 2020 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilisation up to March 31, 2021	Transfer of funds after approval obtained in AGM	Unutilised money as on March 31, 2021	Actual utilisation up to March 31, 2020	Unutilised money as on March 31, 2020
Advertising and sales promotion	1,110.00	860.00	250.00	-	641.50	468.50
Capital expenditure on research and development	418.80	418.80	-	-	418.47	0.33
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	-	188.72	87.23
General corporate purposes	537.76	874.99	(337.23)	-	534.31	3.45
Total	**2,342.51**	**2,342.51**	**-**	**-**	**1,783.00**	**559.51**

37. DETAILS OF INVESTMENTS MADE FROM UNUTILISED PORTION OF PUBLIC ISSUE RAISED DURING THE YEAR ENDED

	As at March 31, 2021	As at March 31, 2020
Investments in fixed deposits of banks	-	572.50
Balance in current accounts	-	0.86
Total *	**-**	**573.36**

As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Company by way of IPO should be deployed during the fiscal years 2016, 2017, 2018 and 2019.

However, if the funds are not utilised within prescribed period for reasons mentioned in prospectus, then such unutilised funds can be utilised in fiscal year 2020 or any subsequent period as may be determined by the Company.

Based on the above, the Board of Directors of Company in the board meeting dated February 13, 2019 have decided to extend the utilisation of Net Proceeds to the subsequent fiscal years upto March 31, 2021.

Amount of ₹ 250 is transferred from advertising and sales promotion object to general corporate purposes object by resolution dated August 11, 2020 and amount of ₹ 87.23 is transferred from purchase, development and renovation of office premises in Kolkata, Pune and New Delhi object to general corporate purposes by resolution dated July 15, 2019.

* includes in March 31, 2021: ₹ Nil (March 31, 2020: ₹ 13.85) spent by the Company from bank accounts other than the IPO account.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

38. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year	24.34	23.83

(b) Amount spent during the year	Year ended March 31, 2021			Year ended March 31, 2020		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
For the purpose of education and social activity	24.34	-	24.34	22.85	-	22.85
Contribution to PM Care fund	3.00	-	3.00	-	-	-

39. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AS AT THE BALANCE SHEET DATE

	Foreign currency	As at March 31, 2021		As at March 31, 2020	
		In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees
Bank balances	USD	0.43	31.36	0.04	3.09
Cash balances	EUR	-	0.23	-	0.22
	USD	-	0.07	-	0.07
	JPY	0.02	0.01	0.02	0.01
Trade receivables	USD	0.33	24.06	0.24	17.73
	JPY	0.02	0.01	2.52	1.76
	AED	0.03	0.61	0.08	1.63
	KES	0.80	0.53	5.16	3.67
Trade payables	USD	0.01	0.38	0.03	2.44
	JPY	7.08	4.71	-	-
	AED	0.05	1.02	-	-
	KES	9.56	6.33	-	-
Advance Paid	USD	-	-	0.01	0.44
Investment (gross)	JPY	280.00	174.37	250.00	152.73
	AED	0.30	5.62	0.30	5.62
	USD	3.09	222.74	0.79	53.64
	KES	113.68	76.80	113.68	76.80
	SGD	0.36	20.00	-	-
Advances receivable / (payable)	AED	-	-	-	0.04

* The unhedged foreign currency exposure in relation to certain foreign currency balances (BDT, LKR, 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, 2021 (Contd.)

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

40. 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 Africa Limited, Kenya
	Quick Heal Technologies America Inc., USA
	Quick Heal Technologies Japan K.K., Japan
	Seqrite Technologies DMCC, UAE
Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, Managing Director, Chief Executive Officer and ultimate holding shareholder
	Sanjay Katkar, Joint Managing Director, Chief Technical Officer and ultimate holding shareholder
	Vijay Mhaskar, Chief Operating Officer (upto October 11, 2019)
	Nitin Kulkarni, Chief Financial Officer
	Srinivasa Rao Anasingaraju, Company Secretary
	Amitabha Mukhopadhyay , Independent Director
	Apurva Joshi, Independent Director
	Bhushan Gokhale, Additional Independent Director (w.e.f. August 12, 2020)
	Mehul Savla, Independent Director
	Priti Rao, Independent Director (upto June 01, 2020)
	Shailesh Lakhani, Non-Executive Director
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar and ultimate holding shareholder)
	Chhaya Katkar (wife of Sanjay Katkar and ultimate holding shareholder)
	Sneha Katkar (daughter of Kailash Katkar and ultimate holding shareholder)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation
	Dreambook Production (OPC) Private Limited

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Compensation paid to Key Management Personnel	Kailash Katkar	13.29	13.29
	Sanjay Katkar	13.29	13.13
	Vijay Mhaskar	-	6.92
	Nitin Kulkarni	5.86	5.70
	Srinivasa Rao Anasingaraju	4.08	3.27
	Anupama Katkar	4.59	4.41
	Sneha Katkar	1.40	0.95
Sub-total		**42.51**	**47.67**
Directors' sitting fee	Amitabha Mukhopadhyay	0.37	0.28
	Apurva Joshi	0.31	0.32
	Bhushan Gokhale	0.11	-
	Mehul Savla	0.26	0.22
	Priti Rao	0.07	0.28
Sub-total		**1.12**	**1.10**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

40. RELATED PARTY TRANSACTION (Contd.)

Nature of transaction	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Commission to independent directors	Amitabha Mukhopadhyay	1.00	0.60
	Apurva Joshi	0.60	0.45
	Bhushan Gokhale	0.60	-
	Mehul Savla	0.60	0.45
	Priti Rao	-	0.45
Sub-total		**2.80**	**1.95**
Total		**46.43**	**50.72**

Compensation of key managerial personal of the Company

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits (compensation)	42.51	47.67
Post - employment gratuity benefits	4.37	4.18
Leave benefits	0.19	0.04
Share-based payment transactions	-	-
Total compensation to key management personnel	**47.07**	**51.89**

* 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, 2021 Number outstanding	March 31, 2020 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	110.00	-	-
November 11, 2016	-	237.40	-	62,500
October 10, 2018	-	185.60	50,000	25,000

* As per the Company policy, the option stands cancel or expire if the employee has not exercised the option within six months from the date of resignation.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

40. RELATED PARTY TRANSACTION (Contd.)

Nature of transaction	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Rent paid	Kailash Katkar	0.43	1.02
	Sanjay Sahebrao Katkar HUF	0.32	1.20
		0.75	**2.22**
CSR contribution	Quick Heal Foundation	24.34	22.85
		24.34	**22.85**
Sale of security software products	Quick Heal Technologies Africa Limited	12.97	9.58
	Quick Heal Technologies America Inc.	13.17	7.10
	Quick Heal Technologies Japan K.K	5.88	2.67
	Seqrite Technologies DMCC	8.35	4.60
		40.37	**23.95**
Marketing support services paid	Quick Heal Technologies Africa Limited	9.25	-
	Quick Heal Technologies America Inc.	5.51	-
	Quick Heal Technologies Japan K.K	22.21	-
	Seqrite Technologies DMCC	2.15	-
		39.12	**-**
Investments / (Disinvestments)	Quick Heal Technologies Africa Limited	-	-
	Quick Heal Technologies America Inc.	-	-
	Quick Heal Technologies Japan K.K	21.64	13.52
	Seqrite Technologies DMCC	-	-
		21.64	**13.52**
Final equity dividend declared and paid for the financial year ended March 31, 2020 and March 31, 2019	Kailash Katkar	-	37.59
	Sanjay Katkar	-	37.59
	Anupama Katkar	-	9.17
	Chhaya Katkar	-	9.17
		-	**93.52**
Interim equity dividend declared and paid for the financial year ended March 31, 2021 and March 31, 2020	Kailash Katkar	-	75.18
	Sanjay Katkar	-	75.18
	Anupama Katkar	-	18.34
	Chhaya Katkar	-	18.34
		-	**187.04**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

40. RELATED PARTY TRANSACTION (Contd.)

Balance outstanding

Nature of transaction	Name of the related party	As at March 31, 2021	As at March 31, 2020
Trade receivables	Quick Heal Technologies Africa Limited	0.53	3.67
	Quick Heal Technologies America Inc.	3.51	5.65
	Quick Heal Technologies Japan K.K	0.01	1.76
	Seqrite Technologies DMCC	0.61	1.63
		4.66	**12.71**
Trade payables	Quick Heal Technologies Africa Limited	6.33	-
	Quick Heal Technologies America Inc.	0.33	-
	Quick Heal Technologies Japan K.K	4.71	-
	Seqrite Technologies DMCC	1.07	-
		12.44	**-**
Advances receivable from subsidiaries	Seqrite Technologies DMCC	-	0.04
		-	**0.04**
Commission payable to independent directors	Amitabha Mukhopadhyay	0.90	0.60
	Apurva Joshi	0.54	0.45
	Bhushan Gokhale	0.54	-
	Mehul Savla	0.54	0.45
	Priti Rao	-	0.45
		2.52	**1.95**

41(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.

41(b) Loans and advances given to subsidiaries and associates and firms / companies in which directors are interested

Advances given to wholly owned subsidiary

	Quick Heal Technologies Japan K.K.	Quick Heal Technologies America Inc.	Quick Heal Technologies Africa Limited	Seqrite Technologies DMCC
Balance as at March 31, 2021	-	-	-	-
Maximum amount outstanding during the financial year 2020-21	-	-	-	0.04
Balance as at March 31, 2020	-	-	-	0.04
Maximum amount outstanding during the financial year 2019-20	-	-	-	0.04

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

41 (c) Exceptional items

Exceptional items includes impairment of investment in wholly owned subsidiaries amounting to ₹ Nil (March 31, 2020: ₹ 23.17). The details are as follows:

Name of Subsidiary	Year ended March 31, 2021	Year ended March 31, 2020
Quick Heal Technologies Japan K.K.	-	23.17
Total	**-**	**23.17**

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 March 31, 2021:

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets				
Investments at amortised cost	58.38	58.38	58.38	58.38
Investments at FVTPL	3,907.62	3,018.36	3,907.62	3,018.36
Investments at FVTOCI	41.84	21.80	41.84	21.80
Loans and security deposits	10.47	10.89	10.47	10.89
Trade and other receivables	1,494.62	1,132.26	1,494.62	1,132.26
Cash and cash equivalents	95.35	35.57	95.35	35.57
Other bank balances	678.87	699.53	678.87	699.53
Other financial assets	9.57	19.21	9.57	19.21
Total	**6,296.72**	**4,996.00**	**6,296.72**	**4,996.00**
Financial liabilities				
Trade and other payables	497.14	383.60	497.14	383.60
Other financial liabilities	13.30	9.04	13.30	9.04
Total	**510.44**	**392.64**	**510.44**	**392.64**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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, 2021 and March 31, 2020 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2021: 24.00% - 26.00%	1% increase in the WACC would decrease the fair value by ₹ 63.47 and 1% decrease would increase the fair value by ₹ 70.55.
		Long-term growth rate for cash flows	March 31, 2021: 1% - 3%	1% increase in the growth would increase the fair value by ₹ 26.62 and 1% decrease would decrease the fair value by ₹ 24.34.
		Long-term operating margin	March 31, 2021: 9.81% - 19.81%	5% increase in the margin would increase the fair value by ₹ 243.05 and 5% decrease would decrease the fair value by ₹ 243.05.
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2020: 31.00% to 33.00%	1% increase in the WACC would decrease the fair value by ₹ 23.95 and 1% decrease would increase the fair value by ₹ 27.75.
		Long-term growth rate for cash flows	March 31, 2020 2020: 1% to 3%	1% increase in the growth would decrease the fair value by ₹ 60.94 and 1% decrease would decrease the fair value by ₹ 59.68.
		Long-term operating margin	March 31, 2020: 19.56% to 49.56%	5% increase in the margin would increase the fair value by ₹ 411.21 and 5% decrease would decrease the fair value by ₹ 411.21.
Unquoted equity shares in Ray Pte. Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2021: 13.60% - 15.60%	1% increase in the WACC would decrease the fair value by ₹ 60.22 and 1% decrease would increase the fair value by ₹ 70.85.
		Long-term growth rate for cash flows	March 31, 2021: 0.5% - 2.5%	1% increase in the growth would increase the fair value by ₹ 41.84 and 1% decrease would decrease the fair value by ₹35.94.
		Long-term operating margin	March 31, 2021: 48.52% - 58.52%	5% increase in the margin would increase the fair value by ₹ 97.42 and 5% decrease would decrease the fair value by ₹ 97.42.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2019: 33.18% to 35.18%	1% increase in the WACC would decrease the fair value by ₹ 3.80 and 1% decrease would increase the fair value by ₹ 4.12.
		Long-term growth rate for cash flows	March 31, 2019: 4% to 6%	1% increase in the growth would increase the fair value by ₹ 1.87 and 1% decrease would decrease the fair value by ₹ 1.75.
		Long-term operating margin	March 31, 2019: 19.56% to 49.56%	15% increase in the margin would increase the fair value by ₹23 and 15% decrease would decrease the fair value by ₹ 23.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

42. FAIR VALUES (Contd.)

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Unquoted Equity Shares
As at April 1, 2019	**-**
Remeasurement recognised in OCI	-
Purchases	21.80
Sales	-
As at March 31, 2020	**21.80**
Remeasurement recognised in OCI	-
Purchases	20.04
Sales	-
As at March 31, 2021	**41.84**

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, 2021 and March 31, 2020.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted equity instruments in L7 defence limited					
As at March 31, 2021	March 31, 2021	21.84	-	-	21.84
As at March 31, 2020	March 31, 2020	21.80	-	-	21.80
Unquoted equity instruments in Ray Pte. Limited					
As at March 31, 2021	March 31, 2021	20.00	-	-	20.00
As at March 31, 2020	March 31, 2020	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2021	March 31, 2021	3,907.62	3,907.62	-	-
As at March 31, 2020	March 31, 2020	3,018.36	3,018.36	-	-
Unquoted Compulsory Convertible Preference Share in L7 defence limited					
As at March 31, 2021	March 31, 2021	147.26	-	-	147.26
As at March 31, 2020	March 31, 2020	-	-	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

44. 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 38 to the financial statements.

Foreign currency sensitivity

The Company does not take any steps to hedge the foreign currency exposure as mentioned above as the Management believes that there is natural hedge to some extent and balance exposure not really having significant impact on the financial health of the Company.

	Foreign currency	In foreign currency	Change in Currency rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2021	AED	0.38	3%	0.26	0.26
				(0.26)	(0.26)
	JPY	287.12	6%	11.13	11.13
				(11.13)	(11.13)
	KES	124.03	1%	0.66	0.66
				(0.66)	(0.66)
	SGD	0.36	3%	0.66	0.66
				(0.66)	(0.66)
	USD	3.85	3%	9.65	9.65
				(9.65)	(9.65)
March 31, 2020	AED	0.38	3%	0.26	0.26
				(0.26)	(0.26)
	JPY	252.54	5%	7.75	7.75
				(7.75)	(7.75)
	KES	118.83	3%	2.65	2.65
				(2.65)	(2.65)
	USD	1.10	3%	2.73	2.73
				(2.73)	(2.73)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

44. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Investment decision in mutual fund is taken with the assistance from appointed agent. Credit risk on cash deposits is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Company has not incurred any loss due to credit risk.

(c) Liquidity risk

The Company had no outstanding bank borrowings as of March 31, 2021 and March 31, 2020. The working capital as at March 31, 2021 was ₹ 5,495.97 (March 31, 2020: ₹ 4,227.17) including cash and cash equivalents.

As at March 31, 2021 and March 31, 2020, the outstanding employee obligations were ₹ 15.38 and ₹ 8.56 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, 2021					
Trade payables	-	42.55	7.06	-	49.61
Other payables	-	320.78	126.75	-	447.53
Any other financial liabilities	-	7.53	5.77	-	13.30
Total	**-**	**370.86**	**139.58**	**-**	**510.44**
As at March 31, 2020					
Trade payables	-	74.43	13.35	-	87.78
Other payables	-	248.78	47.04	-	295.82
Any other financial liabilities	-	7.89	1.15	-	9.04
Total	**-**	**331.10**	**61.54**	**-**	**392.64**

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, 2021 is ₹ 7,558.04 (March 31, 2020: ₹ 6,482.13).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

45 . ESTIMATED UNCERTAINTY RELATING TO COVID-I9 OUTBREAK

The World Health Organisation announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Company's business, financial condition, results of operations and cash flows for the year ended March 31, 2021 and thereafter.

Management continue to believes that considering the Company's historical profitability performance and its business model, it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this Financial Statements. The Company has also ensured that majority of its key development and other critical resources are working from home and providing the required support to business and ensuring that there is least disturbance. The short term disturbance in the supply chain is having impact on the business however the same is expected to recover once the operations resume.

46. SOCIAL SECUTIRY CODE

The Code on Social Security 2020 ('the Code') relating to employee benefits, during employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Quick Heal Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Quick Heal Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Revenue Recognition** Refer the disclosures related to Revenue recognition in Note 24 to the accompanying Financial Statements. Revenue is recognized in accordance with Ind AS 115- Revenue from contracts with customers, in accordance with which revenue from the sale of security software products and devices is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. The Application of Ind AS 115 involves certain key judgements relating to identification of separate performance obligations, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations; and recognition of such identified performance	Our audit procedures in respect of this area include, but are not limited to, following: 1. Obtained and read contract with customers and confirmed our understanding of the Holding Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls on a sample basis. 2. Read and understood the Holding Company's accounting policy for revenue recognition. 3. Confirmed our understanding of the nature of security software products sold by the Holding Company. 4. Read the customer agreements to test the terms and conditions for sale of such products including identification of performance obligations and allocation of the transaction price to such performance obligation based on appropriate method, as applicable.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	obligations based on timing of satisfaction (i.e. over time or point in time). Due to the significance of revenue and involvement of management judgments relating to identification of separate performance obligations, this is considered as a key audit matter.	5. Discussed with management the key assumptions underlying the Holding Company's assessment of cost related to identified performance obligations and tested mathematical accuracy of the underlying data used for computation and calculations made by the Holding Company. 6. Evaluated the appropriateness of the disclosures made in the financial statement in relation to revenue recognition as required by applicable accounting standards.
2	**Provision for credit loss for accounts receivables** Refer Note 11 of Financial statement The Holding Company has total outstanding trade receivable amounting to ₹ 1791.51 as at March 31, 2021 out of which the Holding Company has provided for ₹ 285.21 towards expected credit loss in the books of account. We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.	We evaluated the judgement and estimation used by management in recognising the expected credit loss provision. Our procedures included, but were not limited to the following: 1. Obtained understanding of the holding Company's policy on assessment of expected credit loss against trade receivables, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls on a sample basis; 2. Requested for and obtained independent balance confirmations from the holding Company's customers on a sample basis; 3. Verified subsequent receipts after the year-end on a sample basis; 4. Tested aging of trade receivables for a sample of customer transactions; 5. Obtained management's assessment and plan for recovery with respect to trade receivables outstanding for more than 180 days; 6. Assessed the methodology applied for recognising expected credit loss against the trade receivables in the current year and compared the holding Company's provisioning rates against historical collection data; and 7. Evaluated the appropriateness of the disclosures made in the financial statement in relation to such provision as required under applicable accounting standards

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or

INDEPENDENT AUDITOR'S REPORT (Contd.)

otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

Other Matters

a. We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of ₹ 95.03 Million as at March 31, 2021, total revenues of ₹ 35.58 Million and net cash inflows amounting to ₹ 3.74 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

books and the reports of the other auditors.

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

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

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 33 (c) & (d) to the consolidated financial statements.

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

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

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

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACI4780

Place: Pune
Date: May 15, 2021

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACI4780

Place: Pune
Date: May 15, 2021

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

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Quick Heal Technologies Limited on the consolidated Financial Statements for the year ended March 31, 2021.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Quick Heal Technologies Limited (hereinafter referred to as "the Holding Company").

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

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding company policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Holding company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Holding company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorizations of management and directors of the Holding company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding company's assets that could have a material effect on the consolidated financial statements.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company have in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 21111700AAAACI4780

Place: Pune
Date: May 15, 2021

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2021

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

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	1,404.67	1,485.09
(b) Capital work-in-progress		21.10	34.00
(c) Intangible assets	6	52.81	99.81
(d) Financial assets			
(i) Investments	7	322.00	353.32
(ii) Loans and security deposits	8	3.75	3.81
(iii) Other financial assets	9	1.62	3.91
(e) Deferred tax assets (net)	30	-	25.86
(f) Income tax assets (net)	14	121.49	167.92
(g) Other non-current assets	15	24.64	5.32
		1,952.08	**2,179.04**
Current assets			
(a) Inventories	10	33.35	62.40
(b) Financial assets			
(i) Investments	7	3,833.10	2,745.22
(ii) Trade receivables	11	1,506.30	1,131.62
(iii) Cash and cash equivalents	12	164.23	100.72
(iv) Bank balances other than (iii) above	13	678.87	699.53
(v) Loans and security deposits	8	6.79	7.74
(vi) Interest accrued	9	7.95	15.26
(c) Other current assets	15	68.18	24.13
(d) Assets classified as held for sale	16	16.02	-
		6,314.79	**4,786.62**
Total assets		**8,266.87**	**6,965.66**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	642.07	642.03
(b) Share application money pending allotment	16	-	-
(c) Other equity	18		
(i) Retained earnings		5,778.87	4,707.81
(ii) Securities premium		594.33	593.84
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Capital redemption reserve		63.64	63.64
(vi) Other reserves		(40.76)	(43.35)
Total equity		**7,514.86**	**6,440.68**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	22	3.72	4.62
(b) Other non-current liabilities	21	-	19.63
(c) Deferred tax liabilities (net)	30	8.19	-
		11.91	**24.25**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	19	13.28	4.73
(b) Total outstanding dues creditors other than micro enterprises and small enterprises	19	486.49	382.54
(ii) Other financial liabilities	20	13.30	9.04
(b) Other current liabilities	21	183.07	86.68
(c) Net employee defined benefit liabilities	22	11.66	3.94
(d) Income tax liabilities (net)	23	32.30	13.80
		740.10	**500.73**
Total liabilities		**752.01**	**524.98**
Total equity and liabilities		**8,266.87**	**6,965.66**
Summary of significant accounting policies	3		

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

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

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	24	3,330.44	2,861.38
Other income	25	241.61	315.96
Total income		**3,572.05**	**3,177.34**
EXPENSES			
Cost of materials consumed	26 (a)	10.27	8.16
Purchase of security software products	26 (b)	83.29	95.94
(Increase) / decrease in security software products	26 (c)	22.78	(3.86)
Employee benefits expense	27	1,147.44	1,014.19
Depreciation and amortisation expense	28	194.87	216.77
Other expenses	29	652.03	833.03
Total expenses		**2,110.68**	**2,164.23**
Profit before exceptional items and tax		**1,461.37**	**1,013.11**
Profit before tax		**1,461.37**	**1,013.11**
TAX EXPENSE			
Current tax	30		
Pertaining to profit for the current yearperiod		340.38	211.44
Adjustments of tax relating to earlier periods (Net)		17.56	-
Deferred tax		33.63	57.56
Total tax expense		**391.57**	**269.00**
Profit for the Year		**1,069.80**	**744.11**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		1.68	13.00
Income tax effect		(0.42)	(3.27)
		1.26	9.73
Net (loss) or gain on FVTOCI assets		-	-
Income tax effect		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1.26**	**9.73**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(3.60)	2.16
Income tax effect			
		(3.60)	2.16
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**(3.60)**	**2.16**
Total comprehensive income for the period		**1,067.46**	**756.00**
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2020: ₹ 10)]	31		
Basic		16.66	11.34
Diluted		16.65	11.34
Summary of significant accounting policies	3		

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

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

	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,461.37	1,013.11
Adjustment to reconcile profit before tax to net cash flows:		
Net (gain) / loss foreign exchange differences	(3.60)	0.95
Employee share based payments expense	6.21	1.70
Depreciation and amortisation expense	194.87	216.77
Interest income	(71.27)	(81.29)
Provision for doubtful debts and advances	(38.10)	62.83
Bad debts / property, plant and equipment written off	34.82	2.37
(Profit) / Loss on sale of property, plant and equipment	(0.37)	(5.30)
Dividend income	-	(67.92)
Exchange difference on translation of foreign currency cash and cash equivalents	0.70	(2.80)
Net gain on sale of investment	(30.12)	(28.36)
Net (gain) / loss on FVTPL current investment	(90.03)	(66.28)
Operating profit before working capital changes	**1,464.48**	**1,045.78**
Movements in working capital:		
(Increase)/decrease in trade receivables	(371.40)	54.91
(Increase)/decrease in inventories	29.05	(8.46)
(Increase)/decrease in loans	1.01	(0.74)
(Increase)/decrease in other financial assets	2.29	0.13
(Increase)/decrease in other assets	(21.61)	15.32
Increase/(decrease) in net employee defined benefit liabilities	8.50	(18.03)
Increase/(decrease) in trade payables	92.46	(0.49)
Increase/(decrease) in other current liabilities	76.76	(49.09)
Cash generated from operations	**1,281.54**	**1,039.33**
Direct taxes paid (net of refunds)	(293.01)	(333.72)
Net cash flow from operating activities (A)	**988.53**	**705.61**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(88.58)	(113.22)
Proceeds from sale of property, plant and equipment	0.44	10.98
Investments in non-current investments (other)	31.32	(57.09)
Purchase of current investments	(6,218.89)	(6,621.26)
Sale of current investments	5,251.16	7,572.85
(Increase)/decrease in bank balances other than cash and cash equivalents	20.66	519.91
Interest received	78.58	96.71
Dividends received	-	67.92
Net cash (used in) investing activities (B)	**(925.31)**	**1,476.80**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

	Year ended March 31, 2021	Year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	0.49	(384.68)
Tax on equity dividend paid	-	(79.65)
Proceeds from issuance of equity shares (including securities premium and Buy back)	0.50	0.25
Payout on Buyback of equity shares	-	(1,750.00)
Net cash flow (used in) financing activities (C)	**0.99**	**(2,214.08)**
Net (decrease) in cash and cash equivalents (A+B+C)	**64.21**	**(31.64)**
Cash and cash equivalents at the beginning of the year	**100.72**	**129.56**
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.70)	2.80
Cash and cash equivalents at the end of the year	**164.23**	**100.72**
Components of cash and cash equivalents		
Cash on hand	0.55	0.63
Balances with banks		
On current account	131.61	77.45
On EEFC account	31.36	3.09
Cheques on hand	0.71	19.55
Total cash and cash equivalents (refer note 12)	**164.23**	**100.72**

Summary of significant accounting policies

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Place: Pune
Date: May 15, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

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

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 01, 2019	**70,563,654**	**705.63**
- Employee stock option plan (ESOP)	3,600	0.04
- Buy Back	(6,363,636)	(63.64)
As at March 31, 2020	**64,203,618**	**642.03**
- Employee stock option plan (ESOP)	4,250.00	0.04
- Buy Back	-	-
As at March 31, 2021	**64,207,868**	**642.07**

B. Share application money pending allotment

	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment	-	-

C. Other equity

Other equity attributable to equity holders of the Company

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Capital redemption reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Balance as at April 01, 2019	**2,343.38**	**22.38**	**26.45**	**450.26**	**-**	**4,418.83**	**(3.82)**	**(65.68)**	**7,191.79**
Profit for the Year	-	-	-	-	-	744.11	-		744.11
Other comprehensive income	-	-	-	-	-	9.73	2.16		11.89
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**753.84**	**2.16**	**-**	**756.00**
Expenses pertaining to share-based payments		1.70	-	-	-	-	-	-	1.70
Utilised for buy back	(1,686.36)	-	-	-	-	-	-	-	(1,686.36)
Transferred to Capital redemption reserve	(63.64)	-	-	-	**63.64**	-	-	-	-
Exercise of share options	0.38	-	-	-	-	-	-	-	0.38
Transferred from ESOP account	0.08	(0.08)	-	-	-	-	-	-	-
Appropriations:									-
Final equity dividend	-	-	-	-	-	(128.40)	-	-	(128.40)
Tax on final dividend	-	-	-	-	-	(26.86)	-	-	(26.86)
Interim equity dividend	-	-	-	-	-	(256.81)	-	-	(256.81)
Tax on interim dividend	-	-	-	-	-	(52.79)	-	-	(52.79)
Balance as at March 31, 2020	**593.84**	**24.00**	**26.45**	**450.26**	**63.64**	**4,707.81**	**(1.66)**	**(65.68)**	**5,798.65**
Profit for the Year	-	-	-	-	-	1,069.80	-		1,069.80
Other comprehensive income	-	-	-	-	-	1.26	(3.60)		(2.34)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,071.06**	**(3.60)**	**-**	**1,067.46**
Expenses pertaining to share-based payments	-	6.21	-	-	-	-	-	-	6.21
Exercise of share options	0.46	-	-	-	-	-	-	-	0.46
Transferred from ESOP account	0.03	(0.03)				-			-
Balance as at March 31, 2021	**594.33**	**30.18**	**26.45**	**450.26**	**63.64**	**5,778.87**	**(5.26)**	**(65.68)**	**6,872.78**

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Place: Pune
Date: May 15, 2021

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

Place: Pune
Date: May 15, 2021

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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

1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements of the Group for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on May 15, 2021.

2. BASIS OF PREPARATION

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2021. 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Group classifies all other liabilities as non-current.

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

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

c) Foreign currencies

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

(i) Transaction and balances

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

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

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

(ii) Group companies

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

d) Fair value measurement

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

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- 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 (Refer Note 4)
- Quantitative disclosures of fair value measurement hierarchy (Refer Note 40)
- Financial instruments risk management objectives and policies (Refer Note 41)

e) Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

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

(i) Sale of security software products and devices:

Revenue from the sale of security software products and devices (goods) is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In arrangements for sale of security software, the Group has applied the guidance in Ind AS 115, Revenue, by applying the revenue recognition

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering sale of security software and related services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 115. The Group allocates and defers revenue for the undelivered items based on the fair value of the undelivered elements.

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Income from services:

Revenues from support services are recognised as and when services are rendered. The Company collects GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iii) Revenue from software services:

The Company has applied the principal under Ind AS 115 to identify each performance obligation on licenses sold to customer. Revenue for identified performance obligation is recognised over the period of time, when such performance obligation is rendered. In absence of standalone selling price of the performance obligation, the contract price are allocated to each performance obligation of the contract on the basis of cost plus margin approach.

f) Other income

(i) Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included under the head "Other income" in the statement of profit and loss.

(ii) Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established. Dividend income is included under the head "finance income" in the statement of profit and loss.

g) Taxes

Current income tax

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h) Property, plant and equipment

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

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	21.90% - 63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10-23	12.00% - 25.89%
Office equipment	5	5-15	14.20% - 45.07%
Server	6	6	39.30%
Vehicles	8	8	25.00% - 31.23%

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

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

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

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e. software are amortised on a straight-line basis over the period of expected future benefits i.e. over their estimated useful lives of three years. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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

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

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight-line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

j) Leases

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

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

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

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

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

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

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

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

k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

- Raw materials are valued at lower of cost and net realisable 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 realisable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a weighted average basis.
- Traded goods are valued at lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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

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

m) Provisions

A provision is recognised 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,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

o) Retirement and other employee benefits

a) Short-term employee benefits

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

In case of Holding Company:

(i) Defined contribution plan

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

The Company recognises 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 recognised 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 recognised 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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 recognises contribution payable to the provident fund scheme, National Social Security Fund (NSSF - Kenya) as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

There are no other long-term benefits payable to employees of any of the overseas subsidiaries.

p) Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised 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 recognised 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 recognised 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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) recognised during the period is recognised 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

a) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

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

r) Assets held for sale

The Company recognise assets for sale of those assets which are not in use and identified for sale / disposal. The same is valued at net carrying amount or realisable value whichever is lower.

s) 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.

t) 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.

u) 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.

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v) **Segment reporting**

An operating segment is a component of a Group whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available. The Group has identified the Managing Director of the Holding Company as its CODM.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Significant Judgement is required for identifying separate performance obligation, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations and recognition of such identified performance obligations based on timing of satisfaction (i.e. over time or point in time). The group considered each promise in a contract with customer to transfer a goods or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer to identify separate performance obligation, transaction price is allocated to each performance obligation that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer and point of transfer of control in goods or service to determine whether the performance obligation is satisfied over time or at a point in time.

Estimates and assumptions

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ('DCF') model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 for further disclosures.

4 (a) Standards issued but not yet effective

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

There is no such notification which would have been applicable from April 1, 2021.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land (refer note 1 below)	Leasehold premises	Buildings (refer note 2 below)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3 below)									
At April 01, 2019	26.63	21.32	1,609.74	396.96	181.56	95.99	229.98	15.08	2,577.26
Transfer	-	-	-	(1.77)	1.77	-	-	-	-
Additions	-	-	-	79.37	2.24	3.80	-	1.40	86.81
Disposals/written-offs	-	-	5.96	2.14	9.38	-	0.32	5.57	23.37
At March 31, 2020	**26.63**	**21.32**	**1,603.78**	**472.42**	**176.19**	**99.79**	**229.66**	**10.91**	**2,640.70**
Transfer	-	-	-	-	-	-	-	-	-
Additions	-	-	-	73.38	0.28	0.91	-	-	74.57
Reclassified as held for sale	-	-	28.26	-	-	-	-	-	28.26
Disposals/written-offs	-	-	-	0.04	1.75	0.21	1.18	0.41	3.58
At March 31, 2021	**26.63**	**21.32**	**1,575.52**	**545.76**	**174.72**	**100.49**	**228.48**	**10.50**	**2,683.43**
Depreciation (Gross) (refer note 3 below)									
At April 01, 2019	-	7.03	309.44	296.15	158.71	67.13	163.54	5.23	1,007.23
Transfer				(0.90)	0.90				-
Depreciation charge for the year	-	0.67	63.30	64.77	9.56	8.06	17.07	3.16	166.58
Disposals/written-offs	-	-	2.41	2.00	8.69	-	0.26	4.83	18.19
At March 31, 2020	**-**	**7.70**	**370.33**	**358.02**	**160.48**	**75.19**	**180.35**	**3.56**	**1,155.62**
Transfer				-	-	-	-	-	-
Depreciation charge for the year	-	0.71	60.07	52.30	4.49	6.35	12.56	2.30	138.76
Reclassified as held for sale	-	-	12.24	-	-	-	-	-	12.24
Disposals/written-offs	-	-	-	0.04	1.66	0.20	1.11	0.38	3.38
At March 31, 2021	**-**	**8.41**	**418.16**	**410.28**	**163.30**	**81.34**	**191.80**	**5.48**	**1,278.76**
Net block									
At March 31, 2020	**26.63**	**13.62**	**1,233.45**	**114.40**	**15.71**	**24.60**	**49.31**	**7.35**	**1,485.09**
At March 31, 2021	**26.63**	**12.91**	**1,157.36**	**135.48**	**11.42**	**19.15**	**36.68**	**5.02**	**1,404.67**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate.
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Group had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Group has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 is ₹ 228.49.

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6. INTANGIBLE ASSETS

	Software	Patent	Total
Cost (Gross) (refer note 1)			
At April 01, 2019	472.49	0.40	472.89
Purchase	77.46	-	77.46
Disposals	80.06	-	80.06
At March 31, 2020	**469.89**	**0.40**	**470.29**
Purchase	9.11	-	9.11
Disposals	-	-	-
At March 31, 2021	**479.00**	**0.40**	**479.40**
Amortisation (Gross) (refer note 1)			
At April 01, 2019	395.63	0.18	395.81
Amortisation for the year	50.14	0.02	50.16
Disposals	75.49	-	75.49
At March 31, 2020	**370.28**	**0.20**	**370.48**
Amortisation for the year	56.07	0.04	56.11
Disposals	-	-	-
At March 31, 2021	**426.35**	**0.24**	**426.59**
Net block			
At March 31, 2020	**99.61**	**0.20**	**99.81**
At March 31, 2021	**52.65**	**0.16**	**52.81**

1. The Group had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Group has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 is ₹ 228.49.

7. INVESTMENTS IN OTHERS

	As at March 31, 2021	As at March 31, 2020
Non - current investments		
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	33.54
7.39% National Highway Authority of India Bonds	24.84	24.84
	58.38	**58.38**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	74.52	273.14
	74.52	**273.14**
Investment in Preference shares (unquoted)		
1,49,925 (March 31, 2020: Nil) compulsory convertible preference shares (CCPS) of NIS 0.01 each fully paid-up in L7 Defense Limited	147.26	-
	147.26	**-**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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7. INVESTMENTS IN SUBSIDIARIES AND OTHERS (Contd.)

	As at March 31, 2021	As at March 31, 2020
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2020: 4,472) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.65	66.65
Less: Fair value changes routed through OCI	(66.65)	(66.65)
	-	-
18,255 (March 31, 2020: 15,927) equity shares of NIS 0.01 each fully paid-up in L7 Defense Limited	21.84	21.80
	21.84	**21.80**
4,651 (March 31, 2020: Nil) equity shares of SGD 0.001 each fully paid-up in Ray Pte. Limited	20.00	-
	20.00	**-**
Total non - current investments	**322.00**	**353.32**
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	3,833.10	2,745.22
Total current investments	**3,833.10**	**2,745.22**
Total non-current investments	**322.00**	**353.32**
Total current investments	**3,833.10**	**2,745.22**
Aggregate book value of quoted investments	3,907.62	3,018.36
Aggregate market value of quoted investments	3,907.62	3,018.36
Aggregate value of unquoted investments	247.48	80.18
Aggregate amount of impairment in value of investments	66.65	66.65
Investments carried at amortised cost	58.38	58.38
Investments carried at fair value through profit or loss	4,054.88	3,018.36
Investments carried at fair value through other comprehensive income	41.84	21.80

** In the current year, The Group Company had discontinued operation of Quick Heal Technologies Africa Limited, Kenya.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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8. LOANS AND SECURITY DEPOSITS

	As at March 31, 2021	As at March 31, 2020
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	6.79	7.74
Total current	**6.79**	**7.74**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.75	3.81
Total non - current	**3.75**	**3.81**

No loans are due from directors or other officers of the Group either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.

9. OTHER FINANCIAL ASSETS

	As at March 31, 2021	As at March 31, 2020
Current		
Interest accrued		
on bank balance	7.95	15.26
Total current	7.95	15.26
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	1.62	3.91
Total non - current	**1.62**	**3.91**
Other financial assets carried at amortised cost	9.57	19.17

Out of the total deposits, ₹ 1.62 (March 31, 2020: ₹ 3.91) are pledged against bank guarantees.

10. INVENTORIES

	As at March 31, 2021	As at March 31, 2020
At lower of cost and net realisable value		
Raw materials - Security software devices - Unified Threat Management (UTM)	7.08	13.35
Finished goods - Security softwares	26.27	49.05
Total	**33.35**	**62.40**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

11. TRADE RECEIVABLES

	As at March 31, 2021	As at March 31, 2020
Trade receivables	1,506.30	1,131.62
Total	**1,506.30**	**1,131.62**

Break-up for security details:

	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Considered good - Unsecured	1,506.30	1,131.62
Receivable which have significant increase in credit risk	-	-
Receivables - credit impaired	285.21	323.32
Total	**1,791.51**	**1,454.94**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*		
Receivables - credit impaired	(285.21)	(323.32)
	(285.21)	**(323.32)**
Total	**1,506.30**	**1,131.62**

* The management has evaluated credit impairment allowance based on the net outstanding position.

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

12. CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
On current account	131.61	77.45
On EEFC account	31.36	3.09
Cheques on hand	0.71	19.55
Cash on hand	0.55	0.63
Total	**164.23**	**100.72**

13. OTHER BANK BALANCES

	As at March 31, 2021	As at March 31, 2020
Bank balances		
Deposits with remaining maturity of less than twelve months	677.37	698.52
Unpaid dividend account	1.50	1.01
Total	**678.87**	**699.53**

Out of the total deposits, ₹ 2.17 (March 31, 2020: ₹ 1.02) are pledged against bank guarantees.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

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

	As at March 31, 2021	As at March 31, 2020
Advance tax (net of provision for tax)	121.49	167.92
Total	**121.49**	**167.92**

15. OTHERS ASSETS

	As at March 31, 2021	As at March 31, 2020
Current (unsecured, considered good)		
Prepaid expenses	42.24	20.89
Balances with government authorities	2.04	0.87
Advance to suppliers	23.72	0.52
Other assets	0.18	1.85
Total current	**68.18**	**24.13**
Non - current (unsecured, considered good)		
Prepaid expenses	2.93	5.32
Non - current (unsecured, considered doubtful)		
Capital advances	24.71	3.00
Less: provision for doubtful capital advances	(3.00)	(3.00)
Total non - current	**24.64**	**5.32**
Total current	**68.18**	**24.13**
Total non - current	**24.64**	**5.32**

16. ASSETS CLASSIFIED AS HELD FOR SALE

	As at March 31, 2021	As at March 31, 2020
Buildings	16.02	-
	16.02	**-**

Note : Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less cost to sell at the time of reclassification. The fair value of above assets was determined using the market value approach.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

17. EQUITY SHARE CAPITAL

	As at March 31, 2021	As at March 31, 2020
Authorised shares		
75,000,000 (March 31, 2020: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
64,207,868 (March 31, 2020: 64,203,618) equity shares of ₹ 10 each	642.07	642.03
Total issued, subscribed and fully paid-up share capital	**642.07**	**642.03**

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

	As at March 31, 2021		As at March 31, 2020	
	No.	₹	No.	₹
At the beginning of the Year	64,203,618	642.03	70,563,654	705.63
Issued during the Year				
Add: Employee stock option plan (ESOP)	4,250	0.04	3,600	0.04
Less: Shares bought back	-	-	6,363,636	63.64
Outstanding at the end of the Year	**64,207,868**	**642.07**	**64,203,618**	**642.03**

(b) Terms / rights attached to equity shares

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

The Board of Directors, in their meeting held on February 24, 2020, declared and paid an interim dividend of ₹ 4.00 per equity share. The amount was recognised as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 309.60 including dividend distribution tax.

The Board of Directors, in their meeting on May 15, 2021, proposed a final dividend of ₹ 4 per equity share for the financial year ended March 31, 2021. The proposal is subject to the approval by the shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹ 256.83

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

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

None.

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

	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding	Nos.	% holding
Equity shares of ₹ 10 each fully paid-up				
Kailash Katkar	18,794,713	29.27%	18,794,713	29.27%
Sanjay Katkar	18,794,713	29.27%	18,794,713	29.27%
Anupama Katkar	4,585,176	7.14%	4,585,176	7.14%
Chhaya Katkar	4,585,176	7.14%	4,585,176	7.14%
Sequoia Capital India Investment Holdings III	3,256,661	5.07%	3,256,661	5.07%

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

17. EQUITY SHARE CAPITAL (Contd.)

(e) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Holding Company, please refer note 31

(f) Buyback of shares

a) The Board of Directors of the Group at its meeting held on March 5, 2019 and the shareholders by way of postal ballot on April 13, 2019, approved the buy back of the Parent Company fully paid equity shares of the face value of ₹ 10 each from its shareholder/beneficial owners of equity shares of the Quick Heal Technologies Limited (Parent Company) including promoters and promoter group of the Parent Company as on the record date, on a proportionate basis through the "tender offer" route at a price of ₹ 275 per share for an aggregate amount not exceeding ₹ 1,750. The Holding Company completed the Buy Back Process in June 2019 and has complied with all the requisite formalities with SEBI and ROC

In accordance with section 69 of the Companies Act, 2013, during the three months ended June 30, 2019, the Group has created 'Capital Redemption Reserve' of ₹ 63.64 equal to the nominal value of the shares bought back as an appropriation from Securities Premium Account.

b) The Board of Directors of the parent Company at its meeting held on March 10, 2021 and the shareholders by way of postal ballot on April 18, 2021 approved the buy back of the Company's fully paid equity shares of the face value of ₹ 10 each from its shareholder/beneficial owners of equity shares of the parent Company including promoters of the parent Company as on the record date i.e. May 03, 2021 on a proportionate basis through the "tender offer" route at a price of ₹ 245 per share for an aggregate amount not exceeding ₹ 1,550. The parent Company had filed the draft letter of offer (DLoF) with Securities and Exchange Board of India (SEBI) on April 27, 2021. Further, the parent Company has received final SEBI observations on the DLoF and shall be dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date of May 03, 2021, on or before May 21, 2021.

18. OTHER EQUITY

	As at March 31, 2021	As at March 31, 2020
(a) Retained earnings		
Balance as at the beginning of the year	4,707.81	4,418.83
Add: Amount transferred from surplus balance in the statement of profit and loss	1,071.06	753.84
Less: Appropriations		
Final equity dividend [amount per share ₹ NIL (March 31, 2020: ₹ 2)]	-	128.40
Tax on final dividend	-	26.86
Interim equity dividend [amount per share ₹ NIL (March 31, 2020: ₹ 4)]	-	256.81
Tax on interim dividend	-	52.79
Balance as at end of the year	**5,778.87**	**4,707.81**
(b) Securities premium		
Balance as at the beginning of the year	593.84	2,343.38
Add: Additions on ESOPs exercised	0.46	0.38
Add: Transferred from ESOP account	0.03	0.08
Less: Utilised for buy back	-	1,686.36
Less: Transferred to Capital redemption reserve	-	63.64
Balance as at end of the year	**594.33**	**593.84**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

18. OTHER EQUITY (Contd.)

	As at March 31, 2021	As at March 31, 2020
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Capital redemption reserve		
Balance as at the beginning of the year	63.64	-
Add: Amount transferred from securities premium	-	63.64
Balance as at end of the year	**63.64**	**63.64**
(f) Other reserve		
(i) Equity share option outstanding account		
Balance as at the beginning of the year	23.99	22.37
Add: Additions during the year	6.21	1.70
Less: Transfer to Retained earnings	-	-
Less: Transfer to securities premium on exercise of stock options	(0.03)	(0.08)
Balance as at end of the year	**30.18**	**23.99**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	(65.68)	(65.68)
Add: Additions during the year	-	-
Balance as at end of the year	**(65.68)**	**(65.68)**
(iii) Foreign currency translation reserve		
Balance as at the beginning of the year	(1.66)	(3.82)
Add: Additions during the year	(3.60)	2.16
Balance as at end of the year	**(5.26)**	**(1.66)**
Total (i+ii+iii)	**(40.76)**	**(43.35)**

Retained earnings

Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity;

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Amalgamation reserve

Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Group, had been merged with the Group with effect from April 1, 2010, the Appointed Date. The Group completed the process of amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, an amount of ₹ 26.45 was recorded as amalgamation reserve.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

18. OTHER EQUITY (Contd.)

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Capital redemption reserve account

In terms of section 69 of the Act, the Parent Company shall transfer from its free reserves or Securities Premium reserve, a sum equal to nominal value of the equity shares bought back through the Buyback, to the Capital Redemption Reserve account. During the previous year the Parent Company had conducted the buyback of 6,363,636 Equity share as approved by Board of Directors on March 5, 2019. This had resulted in a total outflow of ₹ 1,750. In Line with the requirement of the Companies Act 2013, an amount of ₹ 1,686.36 had been utilised from securities premium reserve. Further capital redemtion reserve of amount ₹ 63.64 (Representing the nominal value of share bought back had been created as an apportionment from security premium reserve. Consequent to such buyback, share capital has reduced to ₹ 642.1.

Employee stock options outstanding account

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

FVTOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Distribution made and proposed	Year ended March 31, 2021	Year ended March 31, 2020
Cash dividends on equity shares declared and paid:		
Final cash dividend for the period ended on March 31, 2021: ₹ Nil per share (March 31, 2020: ₹ 2 per share)	-	128.40
Dividend distribution tax on proposed dividend	-	26.86
Interim dividend for the year ended on March 31, 2021: ₹ Nil per share (March 31, 2020: ₹ 4)	-	256.81
Dividend distribution tax on interim dividend	-	52.79
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2021: ₹ 4 per share (March 31, 2020: ₹ Nil per share)	256.83	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

19. TRADE PAYABLES

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues to micro enterprises and small enterprises	13.28	4.73
Total outstanding dues creditors other than micro enterprises and small enterprises	486.49	382.54
Total	**499.77**	**387.27**

20. OTHER CURRENT FINANCIAL LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	11.80	8.03
Unpaid dividend	1.50	1.01
Total	**13.30**	**9.04**

21. OTHER LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Current		
Deferred revenue	25.31	23.13
Tax deducted at source payable	24.82	16.75
GST / Sales tax / VAT payable	101.14	35.01
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	31.80	11.79
Total	**183.07**	**86.68**
Non - current		
Security deposit	-	19.63
Total	**-**	**19.63**
Total current	**183.07**	**86.68**
Total non - current	**-**	**19.63**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

22. NET EMPLOYEE DEFINED BENEFIT LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Current		
Provision for gratuity	1.84	1.17
Provision for leave benefits	9.82	2.77
Total	**11.66**	**3.94**
Non - current		
Provision for gratuity	-	-
Provision for leave benefits	3.72	4.62
Total	**3.72**	**4.62**
Total current	**11.66**	**3.94**
Total non - current	**3.72**	**4.62**

23. CURRENT INCOME TAX LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Current tax liabilities (net of advance tax)	32.30	13.80
Total	**32.30**	**13.80**

24. REVENUE FROM OPERATIONS (NET)

	Year ended March 31, 2021	Year ended March 31, 2020
Sale of security software products	3,322.61	2,851.42
Sale of software support services	7.83	9.96
Total	**3,330.44**	**2,861.38**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and details of products and services sold. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue by Geography		
From India	3,186.90	2,772.58
From outside India	143.54	88.80
Total	**3,330.44**	**2,861.38**
Revenue by type of products and services sold		
Security software licenses	3,322.61	2,851.42
Software support	7.83	9.96
Total	**3,330.44**	**2,861.38**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

24. REVENUE FROM OPERATIONS (NET) (Contd.)

Changes in deferred revenue are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	23.13	21.60
Less: Revenue recognised during the year	10.20	13.73
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	12.38	15.26
Balance at the end of the year	**25.31**	**23.13**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting year and an explanation as to when the Group expects to recognise these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2021, is ₹ 25.31 (March 31, 2020 : ₹ 23.13). Out of this, the Group expects to recognise revenue of around ₹ 25.31 within one to three years respectively, depending on the license period.

25. OTHER INCOME

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on		
Bank deposits	57.65	75.11
Others	13.62	6.18
Dividend income on current investments	-	67.92
Net gain on sale of current investments	30.12	28.36
Profit on sale of fixed assets (net)	0.37	5.30
Foreign exchange gains (net)	-	1.21
Fair value gain on financial instruments at fair value through profit and loss *	90.03	66.28
Miscellaneous income	49.82	65.60
Total	**241.61**	**315.96**

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

26. DETAILS RELATED TO COST OF SECURITY SOFTWARE DEVICES AND SOFTWARE PRODUCTS

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Cost of materials consumed		
Inventory at the beginning of the year	13.35	8.75
Add: Purchases	4.00	12.76
Less: Inventory at end of the year	7.08	13.35
Sub-total	**10.27**	**8.16**
(b) Purchase of security software products		
Security software products	83.29	95.94
Sub-total	**83.29**	**95.94**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	49.05	45.19
Less: Inventory at end of the year	26.27	49.05
Sub-total	**22.78**	**(3.86)**
Total	**116.34**	**100.24**

Details of raw materials consumed

	Year ended March 31, 2021	Year ended March 31, 2020
Security software devices - Unified Threat Management (UTM)	10.27	8.16
	10.27	**8.16**

Details of inventory

	As at March 31, 2021	As at March 31, 2020
Raw materials		
Security software devices - Unified Threat Management (UTM)	7.08	13.35
	7.08	**13.35**
Finished goods		
Security software products	26.27	49.05
	26.27	**49.05**

27. EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	1,075.98	948.46
Contribution to provident and other funds	26.65	24.77
Gratuity expenses	18.32	17.71
Staff welfare expenses	20.28	21.55
Employee share based payment expenses (refer note 32)	6.21	1.70
Total	**1,147.44**	**1,014.19**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

28. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment (refer note 5)	138.80	166.63
Amortisation of intangible assets (refer note 6)	56.07	50.14
Total	**194.87**	**216.77**

29. OTHER EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Web publishing expenses	13.68	18.08
Technology subscription & Fees for technical service	61.06	64.55
Power and fuel	23.66	35.31
Rent (refer note 33 (a))	15.28	15.66
Rates and taxes	11.89	8.89
Insurance	3.73	4.55
Repairs and maintenance		
Buildings	11.97	9.33
Others	19.78	17.48
Corporate Social Responsibility (CSR) expenditure	24.34	22.85
Commission to independent directors (refer note 36)	3.00	1.95
Directors' sitting fees (refer note 36)	1.12	1.10
Business promotion expenses	21.47	171.67
Advertisement and sales promotion	204.71	142.41
Freight and forwarding charges	6.95	5.81
Travelling and conveyance	13.36	29.83
Communication costs	72.50	60.27
Office expenses	28.24	39.17
Donations	3.00	0.15
Marketing Support Services	-	-
Legal and professional fees	93.31	97.83
Payment to statutory auditor (refer details below)	4.39	4.22
Foreign exchange loss (net)	1.53	-
Property, plant and equipment written off	-	1.09
Provision for doubtful debts and advances	(38.10)	62.83
Bad debts written off	34.82	1.28
Miscellaneous expenses	16.34	16.72
Total	**652.03**	**833.03**

Payment to auditor (excluding Goods and service tax)

	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
Audit fees	1.86	1.84
Limited review	2.25	2.25
In other capacity:		
Others (including certification fees)	0.26	0.10
Reimbursement of expenses	0.02	0.03
Total	**4.39**	**4.22**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

30. INCOME TAX

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

Statement of profit and loss section

	March 31, 2021	March 31, 2020
Current income tax:		
Current income tax charge	340.38	211.44
Adjustment in respect of current tax of previous years	17.56	-
Deferred tax:		
Relating to origination and reversal of temporary differences	33.63	57.56
Income tax expense reported in the statement of profit and loss	**391.57**	**269.00**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	0.42	3.27
Income tax charged / (credited) to OCI	**0.42**	**3.27**

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

	March 31, 2021	March 31, 2020
Accounting profit before tax	1,461.37	1,013.11
At India's statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	367.80	254.98
Adjustments of tax relating to earlier years (Current and deferred)	17.56	-
CSR expenditure	6.13	2.88
Dividend income	-	(17.09)
Tax impact due to change in Tax Rate	-	25.09
Enterprises tax at foreign subsidiaries	-	0.99
Deferred tax asset on losses and unrealised profits not recognised	0.08	2.15
At the effective income tax rate of 25.168% [March 31, 2020: 25.168%]	**391.57**	**269.00**
Income tax expense reported in the statement of profit and loss	**391.57**	**269.00**

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Accelerated depreciation for tax purposes	(52.52)	(46.49)	(6.03)	2.28
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3.90	4.46	(0.56)	32.76
Provision for doubtful debts and advances	71.65	81.37	(9.72)	12.69
Deferred revenue	6.36	5.82	0.54	1.73
IPO Expenses allowed as per Section 35(D)	-	0.94	(0.94)	(0.94)
Investment in mutual fund	(31.31)	(13.97)	(17.34)	9.04
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(6.27)	(6.27)	-	3.27
Net deferred tax expense / (income)	-	-	**(34.05)**	**60.83**
Net deferred tax assets / (liabilities)	**(8.19)**	**25.86**	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

30. INCOME TAX (Contd.)

Reflected in the balance sheet as follows:

	March 31, 2021	March 31, 2020
Deferred tax liabilities	(90.10)	(66.73)
Deferred tax assets	81.91	92.59
Deferred tax assets, net	**(8.19)**	**25.86**

Reconciliation of deferred tax assets, net

	March 31, 2021	March 31, 2020
Opening balance as of April 1	25.86	86.69
Tax Income / (expense) during the year recognised in statement of profit and loss	(33.63)	(57.56)
Tax Income / (expense) during the year recognised in OCI	(0.42)	(3.27)
Closing balance	**(8.19)**	**25.86**

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

Unrecognised temporary difference

	March 31, 2021	March 31, 2020
Temporary difference relating to investment in subsidiaries for which deferred tax asset have not been recognised:		
- Undistributed losses (Note 1 below)	150.18	156.16
Deferred tax asset relating to above	37.80	39.30
- Unrealised profits on inventory (Note 2 below)	7.50	4.22
Deferred tax asset relating to above	1.89	1.06
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	(2.07)	(1.66)
Deferred tax liability / (Asset) relating to above	(0.52)	(0.42)

Notes:

1. Subsidiaries of the group have undistributed losses, which will be available for deduction in the hands of the Holding Company on sale of the subsidiary. An assessable temporary difference exist, but no deferred tax asset has been recognised as it is not probable that the temporary difference will reverse in the foreseeable future.
2. An assessable temporary difference exist on unrealised profits on inventory, but no deferred tax asset has been recognised as it is not probable that taxable profit will be available with the subsidiaries against which the temporary difference can be utilised.
3. An assessable temporary difference exist on foreign exchange differences on translation of foreign operations, but no deferred tax liability has been recognised as it is not probable that the temporary difference will reverse in the foreseeable future.
4. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
5. During the year ended March 31, 2020 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

31. EARNINGS PER SHARE (EPS)

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

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

		Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax attributable to equity shareholders of the Holding Company	(A)	1,069.80	744.11
Weighted average number of equity shares in calculating basic EPS	(B)	64,204,491	65,593,596
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	53,384	11,678
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	64,257,874	65,605,274
Basic earning per share of face value of ₹ 10 each (in ₹)	**(A/B)**	**16.66**	**11.34**
Diluted earnings per share of face value of ₹ 10 each (in ₹)	**(A/D)**	**16.65**	**11.34**

* 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.

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 Group. According to the SBPA 2010, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

32. SHARE BASED ARRANGEMENTS (Contd.)

The vesting pattern of scheme is as follows:

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

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

	Year ended March 31, 2021		Year ended March 31, 2020	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-	4,440	37.50
Granted during the year	-	-	-	-
Forfeited during the year	-	-	4,440	37.50
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

	As at March 31, 2021	As at March 31, 2020
Exercise price	-	37.50 – 110.00
Number of options outstanding (numbers)	-	-
Weighted average remaining contractual life of options (in years)	-	-
Weighted average exercise price	-	37.50

The weighted average share price at the date of exercise of these options, as at March 31, 2021 was ₹ Nil

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ Nil

Share based payment arrangement 2014

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

32. SHARE BASED ARRANGEMENTS (Contd.)

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

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	2.43 - 6.57
Grant VII	3.49 - 5.52
Grant VIII	3.66 - 5.35
Grant IX	3.74 - 5.27
Grant X	4.39 - 4.75
Grant XI	3.75 - 5.26
Grant XII	3.49 - 5.77
Grant XIII	2.81 - 6.20
Grant XIV	2.47 - 6.54
Grant XV	2.44 - 6.57
Grant XVI	1.74 - 7.27
Grant XVII	1.25 - 7.75
Grant XVIII	0.94 - 8.06
Grant XIX	0.75 - 8.25
Grant XX	0.29 - 8.71
Grant XXI	0.15 - 8.85
Fair value of shares on date of grant	₹ 93 - ₹ 294.33
Vesting conditions	Continued employment and performance of employee as per contract

The vesting pattern of scheme is as follows:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

32. SHARE BASED ARRANGEMENTS (Contd.)

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

	Year ended March 31, 2021		Year ended March 31, 2020	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	549,627	203.51	711,227	215.99
Granted during the year	576,700	96.83	119,600	147.81
Forfeited during the year	152,000	204.78	279,100	210.69
Exercised during the year	4,250	117.35	2,100	113.57
Expired during the year	-	-	-	-
Outstanding at the end of the year	970,077	140.69	549,627	203.51
Exercisable at the end of the year	196,702	202.22	223,527	201.02

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

	As at March 31, 2021	As at March 31, 2020
Exercise price (₹)	93.00 – 294.33	110.00 – 294.33
Number of options outstanding	970,077	549,627
Weighted average remaining contractual life of options (in years)	4.59	4.51
Weighted average exercise price (₹)	140.69	203.51

The weighted average share price at the date of exercise of these options, as at March 31, 2021 was ₹ 140.69
The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ 203.51

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 ₹ 51.16 (March 31, 2020: ₹ 147.81). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2021	As at March 31, 2020
Weighted average share price (₹)	96.83	147.81
Exercise price (₹)	93.00	123.60
Expected volatility (%)	35.22%	26.63%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	0.15 - 8.85 years	3.76 – 6.51 years
Average risk-free interest rate (%)	6.42%	6.62%
Dividend yield	1.58%	1.21%

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

	Year ended March 31, 2021	Year ended March 31, 2020
Expense arising from equity settled share based payment transaction	6.21	1.70

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. COMMITMENTS AND CONTINGENCIES

a. Operating lease - Group as a lessee

The Group has obtained office premises under lease as per the lease agreements for various periods which are generally cancellable and renewable by mutual consent on mutually agreed terms. Further, there are no restrictions imposed by lease agreements and there are no subleases.

The Group has elected not to apply the requirement of Ind AS 116 for short term leases or leases for which the underlying asset is of low value, the lease payments associated with these leases are expensed as per the terms of lease agreement.

Effective April 01, 2019, the Group adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives and accordingly disclosure is given only for the year ended March 31, 2021.

The lease rentals charged during the year is as under

	Year ended March 31, 2021	Year ended March 31, 2020
Lease rentals recognised during the year	15.28	15.66

Future minimum rentals payable under non-cancellable operating lease:

	Year ended March 31, 2021	Year ended March 31, 2020
Short term leases expenses	15.28	15.66
Low value lease expenses	-	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	-
Total Lease Expense	**15.28**	**15.66**

Finance lease - Group as a lessee

The Group has finance leases contracts for building purchased during the financial year ended March 31, 2015. These leases involve upfront payment to the lessor as and by way of premium for grant of lease of the building by the lessor to the lessee. No lease rent was payable by the lessee to the lessor for grant of lease from lessee. There is no escalation clause and no minimum lease payments (MLP) under finance lease.

b. Commitments

	As at March 31, 2021	As at March 31, 2020
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	30.52	-
Other commitments:		
Commitments in relation to purchases	25.78	7.31

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. COMMITMENTS AND CONTINGENCIES (Contd.)

c. Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as debts		
Service tax [Note (i)]	1,610.50	1,049.79
Maharashtra Value Added Tax [Note (ii)]	7.65	-
Central Sales Tax (Bombay) [Note (iii)]	2.51	-
Total	**1,620.66**	**1,049.79**

i) During the year ended March 31, 2019, The Parent Company had received notice of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for ₹ 387.43 Million (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. The Parent Company replied to the notice of demand to Commissioner of Goods and Service Tax, Pune.

During the earlier years, The Parent Company received similar notice of demands in relation to service tax under the provisions of Finance Act, 1994 for ₹ 1,223.07 Million (excluding penalty of ₹ 626.97 Million and pre-deposit, if any) covering the period from March 1, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. The Parent Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 1, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 1, 2014 to March 31, 2016.

The Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Principal Bench, New Delhi, vide its judgment (Order No. 50022/2020) dated January 09, 2020 (Service Tax Appeal No. 51175 of 2016), has set aside the Service Tax demand for ₹ 560.71 Million along with interest and penalty which was earlier confirmed by Directorate General of Central Excise Intelligence (DGCEI), New Delhi vide its Order of 2016 covering period from for the period March 1, 2011 to March 31, 2014.

Based on this latest judgement of CESTAT, New Delhi, technical circular issued by government authorities and an independent legal opinion obtained by the Parent Company in earlier years, the Company is confident to get relief and set aside for balance period from April 01, 2014 to June 30, 2017. Accordingly, no provision/contingent liability had been recognised/disclosed in the financial statements.

The Commissioner of Service Tax, Delhi has preferred an appeal against the above said Order passed by the Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT) amounting to ₹ 560.71 Million and hearing for admission level is pending with the Hon'ble Supreme Court.

ii) During the year ended March 31, 2021, the Parent Company had received an order of demand dated December 16, 2020 and demand dated July 09, 2020, in relation to Maharashtra VAT under the provisions of Maharashtra Value Added Tax, 2002 for ₹ 3.35 (Including interest) and ₹ 4.31 (Including interest) covering the period from April 1, 2014 to March 31, 2015 and April 1, 2015 to March 31, 2016 respectively, on Input Tax Credit disallowed. The Company has filed an appeal against the demand order before Dy. Commissioner of Sales Tax, Pune.

Based on the appeal filed for the above years, the Parent Company is confident of getting the claims set aside for above period. Accordingly no provision has been recognised/disclosed in the financial statements

iii) During the year ended March 31, 2021, Parent Company had received an order of demand dated February 25, 2021 and July 08, 2020 in relation to Central Sales Tax, (Bombay) Rules 1957 for ₹ 0.93 (Including Interest) and ₹ 1.58 (Including Interest) covering period from April 1, 2015 to March 31, 2016 and period from April 1, 2016 to March 31, 2017 respectively, on Input Tax Credit disallowed. The Company had filed an appeal against demand order before Dy. Commissioner of Sales Tax, Pune.

Based on the appeal filed for the above years, the Parent Company is confident of getting the claims set aside for above period. Accordingly, no provision has been recognised/disclosed in the financial state

iv) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Parent Company has made a provision on a prospective basis from the date of the SC order. The Parent Company will update its provision, on receiving further clarity on the subject.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

33. COMMITMENTS AND CONTINGENCIES (Contd.)

d. Other litigations

i) In the year 2016, one of the erstwhile distributors of the Group Company had filed a suit before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal against the Group 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 Group Company. The case was dismissed by the Court in June 2016 and was subsequently restored and fresh summon was received by the Group Company in November, 2018. The Group Company is contesting this case since receipt of notice from the Court and has filed its reply inter alia seeking dismissal of this Suit being not maintainable before the said Court as per applicable laws. The trade mark in question is registered in name of the Group Company and thus, the Group Company believes that it has sufficient grounds to counter the litigation.

ii) In February 2016, one of the erstwhile distributors instituted a suit at Hon'ble High Court, Calcutta against the Company and others claiming 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. Later, this matter was transferred to the Commercial Bench of the Hon'ble High Court in November, 2017. The matter is pending for framing and adjudication of Preliminary issue in this matter in terms of the order passed by the Hon'ble High Court. With respect to the above matters, the Group Company believes that the suit is frivolous and defending to seek the leave of the court for its rejection/dismissal. As the Group Company believes that it is strongly placed in this matter with reference to facts of the case. Therefore, no provision in this regard has been recognised in the financial statements.

iii) An ex-distributor had filed First information Report (FIR) in May 2016 at Uttarpara Police Station, West Bengal, against certain directors of the Group Company, their wives and other associates alleging embezzlement of his investment and misappropriation of shares. The police had filed the charge sheet. The Group Company, its directors and others had filed quashing applications before Hon'ble Calcutta High Court and obtained stay on proceedings before trial Court. The Group Company also believes that police have not conducted proper investigation and have neither collected nor considered relevant records, documents, statements of witnesses and thus have sufficient and strong arguments on facts as well as on point of law.

All the above matters did not proceed as expected, during the year, due to ongoing pandemic in the country and limited functioning of the respective courts on high priority matters.

34. UTILISATION OF MONEY RAISED THROUGH PUBLIC ISSUE

During the year ended March 31, 2016, the Group has raised ₹ 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2021 and March 31, 2020 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilisation up to March 31, 2021	Transfer of funds after approval obtained in AGM	Unutilised money as on March 31, 2021	Actual utilisation up to March 31, 2020	Unutilised money as on March 31, 2020
Advertising and sales promotion	1,110.00	860.00	250.00	-	641.50	468.50
Capital expenditure on research and development	418.80	418.80	-	-	418.47	0.33
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	**87.23**	-	188.72	87.23
General corporate purposes	537.76	874.99	(337.23)	-	534.31	3.45
Total	**2,342.51**	**2,342.51**	**-**	**-**	**1,783.00**	**559.51**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

35. DETAILS OF INVESTMENTS MADE FROM UNUTILISED PORTION OF PUBLIC ISSUE RAISED DURING THE YEAR ENDED

	As at March 31, 2021	As at March 31, 2020
Investments in fixed deposits of banks	-	572.50
Balance in current accounts	-	0.86
Total *	**-**	**573.36**

As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Group by way of IPO should be deployed during the fiscal years 2016, 2017, 2018 and 2019.

However, if the funds are not utilised within prescribed period for reasons mentioned in prospectus, then such unutilised funds can be utilised in fiscal year 2020 or any subsequent period as may be determined by the Group.

Based on the above, the Board of Directors of Group in the board meeting dated February 13, 2019 have decided to extend the utilisation of Net Proceeds to the subsequent fiscal years upto March 31, 2021.

Amount of ₹ 250 is transferred from advertising and sales promotion object to general corporate purposes object by resolution dated August 11, 2020 and amount of ₹ 87.23 is transferred from purchase, development and renovation of office premises in Kolkata, Pune and New Delhi object to general corporate purposes by resolution dated July 15, 2019."

* includes in March 31, 2021: ₹ Nil (March 31, 2020: ₹ 13.85) spent by the Group from bank accounts other than the IPO account.

36. RELATED PARTY TRANSACTION

List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, Managing Director, Chief Executive Officer and ultimate holding shareholder
	Sanjay Katkar, Joint Managing Director, Chief Technical Officer and ultimate holding shareholder
	Vijay Mhaskar, Chief Operating Officer (upto October 11, 2019)
	Nitin Kulkarni, Chief Financial Officer
	Srinivasa Rao Anasingaraju, Company Secretary
	Amitabha Mukhopadhyay , Independent Director
	Apurva Joshi, Independent Director
	Bhushan Gokhale, Additional Independent Director (w.e.f. August 12, 2020)
	Mehul Savla, Independent Director
	Priti Rao, Independent Director (upto June 01, 2020)
	Shailesh Lakhani, Non-Executive Director
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar and ultimate holding shareholder)
	Chhaya Katkar (wife of Sanjay Katkar and ultimate holding shareholder)
	Sneha Katkar (daughter of Kailash Katkar and ultimate holding shareholder)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation
	Dreambook Production (OPC) Private Limited

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

36. RELATED PARTY TRANSACTION (Contd.)

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Compensation paid to Key Management Personnel	Kailash Katkar	13.29	13.29
	Sanjay Katkar	13.29	13.13
	Vijay Mhaskar	-	6.92
	Nitin Kulkarni	5.86	5.70
	Srinivasa Rao Anasingaraju	4.08	3.27
	Anupama Katkar	4.59	4.41
	Sneha Katkar	1.40	0.95
Sub-total		**42.51**	**47.67**
Directors' sitting fee	Amitabha Mukhopadhyay	0.37	0.28
	Apurva Joshi	0.31	0.32
	Bhushan Gokhale	0.11	-
	Mehul Savla	0.26	0.22
	Priti Rao	0.07	0.28
Sub-total		**1.12**	**1.10**
Commission to independent directors	Amitabha Mukhopadhyay	1.00	0.60
	Apurva Joshi	0.60	0.45
	Bhushan Gokhale	0.60	-
	Mehul Savla	0.60	0.45
	Priti Rao	-	0.45
Sub-total		**2.80**	**1.95**
Total		**46.43**	**50.72**

Compensation of key managerial personal of the Group

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits (compensation)	42.51	47.67
Post - employment gratuity benefits	4.37	4.18
Leave benefits	0.19	0.04
Share-based payment transactions	-	-
Total compensation to key management personnel	**47.07**	**51.89**

* 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

36. RELATED PARTY TRANSACTION (Contd.)

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, 2021 Number outstanding	March 31, 2020 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	115.00	-	-
November 11, 2016	-	237.40	-	62,500
October 10, 2018	-	185.60	50,000	25,000

* As per the Group policy, the option stands cancel or expire if the employee has not exercised the option within six months from the date of resignation.

Nature of transaction	Name of the related party	Year ended March 31, 2021	Year ended March 31, 2020
Rent paid	Kailash Katkar	0.43	1.02
	Sanjay Sahebrao Katkar HUF	0.32	1.20
		0.75	**2.22**
CSR contribution	Quick Heal Foundation	24.34	22.85
		24.34	**22.85**
Final equity dividend declared and paid for the financial year ended March 31, 2021 and March 31, 2020	Kailash Katkar	-	37.59
	Sanjay Katkar	-	37.59
	Anupama Katkar	-	9.17
	Chhaya Katkar	-	9.17
		-	**93.52**
Interim equity dividend declared and paid for the financial year ended March 31, 2021	Kailash Katkar	-	75.18
	Sanjay Katkar	-	75.18
	Anupama Katkar	-	18.34
	Chhaya Katkar	-	18.34
		-	**187.04**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. 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, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

36. RELATED PARTY TRANSACTION (Contd.)

Balance outstanding

Nature of transaction	Name of the related party	As at March 31, 2021	As at March 31, 2020
Commission payable to independent directors	Amitabha Mukhopadhyay	0.90	0.60
	Apurva Joshi	0.54	0.45
	Bhushan Gokhale	0.54	-
	Mehul Savla	0.54	0.45
	Priti Rao	-	0.45
		2.52	**1.95**

37. SEGMENT

The Group is engaged in providing security software solutions. The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the target customer group (segments) as mentioned below. However, based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Group has structured its operations into one operating segment viz. anti-virus and as such there is no separate reportable operating segment as defined by Ind AS 108 "Operating segments".For management purposes, the Group reports the details of operating segments based on the target customer groups as under :

- Retail
- Enterprise and Government
- Mobile

The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the segments as mentioned above for the purposes of decision making with regard to allocation of resources and assessment of its performances. However, other than revenue, no discrete financial information is available pertaining to abovementioned segments as the assets that are used in the business are common across all the segments and hence it is not possible to identify discrete financial information for these segments.

Revenue from operations

	Year ended March 31, 2021	Year ended March 31, 2020
From India	3,294.86	2,810.09
From foreign countries	35.58	51.29
Total	**3,330.44**	**2,861.38**

Total assets

	Year ended March 31, 2021	Year ended March 31, 2020
From India	8,163.63	6,882.18
From foreign countries	103.24	83.48
Total	**8,266.87**	**6,965.66**

Income received from customers located outside India is included in the revenue from foreign countries.
There is no customer who is accounting for more than 10% of the total revenue of the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

38. GROUP INFORMATION

List of subsidiaries which are included in the consolidation and the Holding Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation / Principle place of business	Financial year ends on	Parent Company's ultimate holding as at	
			March 31, 2021	March 31, 2020
Quick Heal Technologies America Inc.	USA	March 31	100.00%	100.00%
Quick Heal Technologies Japan K. K.	Japan	March 31	100.00%	100.00%
Quick Heal Technologies Africa Limited	Kenya	March 31	100.00%	100.00%
Seqrite Technologies DMCC	Dubai	March 31	100.00%	100.00%

All the subsidiaries of the Group are included in these consolidated financial statements.

Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:

Share in net assets:

Name of the Company	As at March 31, 2021		As at March 31, 2020	
	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount
Holding Company:				
Quick Heal Technologies Limited	98.92%	7,433.35	99.21%	6,389.53
Foreign subsidiaries:				
Quick Heal Technologies Japan K. K.	0.38%	28.75	0.14%	9.23
Quick Heal Technologies America Inc.	-0.04%	(3.10)	-0.09%	(5.51)
Quick Heal Technologies Africa Limited	0.68%	50.97	0.68%	43.62
Seqrite Technologies DMCC	0.07%	4.89	0.06%	3.81
Total	**100.00%**	**7,514.86**	**100.00%**	**6,440.68**

Share in profit and loss:

	Year ended March 31, 2021		Year ended March 31, 2020	
	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	99.66%	1,066.16	101.71%	756.87
Foreign subsidiaries:				
Quick Heal Technologies Japan K. K.	-0.42%	(4.46)	-0.09%	(0.63)
Quick Heal Technologies America Inc.	0.03%	0.29	-2.88%	(21.40)
Quick Heal Technologies Africa Limited	0.72%	7.74	1.01%	7.55
Seqrite Technologies DMCC	0.01%	0.07	0.23%	1.74
Total	**100.00%**	**1,069.80**	**100.00%**	**744.12**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

39. FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of :

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets				
Investments at amortised cost	58.38	58.38	58.38	58.38
Investments at FVTPL	4,054.88	3,018.36	4,054.88	3,018.36
Investments at FVTOCI	41.84	21.80	41.84	21.80
Loans and security deposits	10.54	11.55	10.54	11.55
Trade and other receivables	1,506.30	1,131.62	1,506.30	1,131.62
Cash and cash equivalents	164.23	100.72	164.23	100.72
Other bank balances	678.87	699.53	678.87	699.53
Other financial assets	9.57	19.17	9.57	19.17
Total	**6,524.61**	**5,061.13**	**6,524.61**	**5,061.13**
Financial liabilities				
Trade and other payables	499.77	387.27	499.77	387.27
Other financial liabilities	13.30	9.04	13.30	9.04
Total	**513.07**	**396.31**	**513.07**	**396.31**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments..

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

39. 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, 2021 and March 31, 2020 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2021: 24.00% - 26.00%	1% increase in the WACC would decrease the fair value by ₹ 63.47 and 1% decrease would increase the fair value by ₹ 70.55.
		Long-term growth rate for cash flows	"March 31, 2021: 1% - 3%"	1% increase in the growth would increase the fair value by ₹ 26.62 mn and 1% decrease would decrease the fair value by ₹ 24.34.
		Long-term operating margin	March 31, 2021: 9.81% - 19.81%	5% increase in the margin would increase the fair value by ₹ 243.05 and 5% decrease would decrease the fair value by ₹ 243.05.
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2020: 31.00% to 33.00%	1% increase in the WACC would decrease the fair value by ₹ 23.95 and 1% decrease would increase the fair value by ₹ 27.75.
		Long-term growth rate for cash flows	March 31, 2020: 1% to 3%	1% increase in the growth would decrease the fair value by ₹ 60.94 and 1% decrease would decrease the fair value by ₹ 59.68.
		Long-term operating margin	March 31, 2020: 19.56% to 49.56%	5% increase in the margin would increase the fair value by ₹ 411.21 and 5% decrease would decrease the fair value by ₹ 411.21.
Unquoted equity shares in Ray Pte. Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2021: 13.60% - 15.60%	1% increase in the WACC would decrease the fair value by ₹ 60.22 and 1% decrease would increase the fair value by ₹ 70.85.
		Long-term growth rate for cash flows	"March 31, 2021: 0.5% - 2.5%"	1% increase in the growth would increase the fair value by ₹ 41.84 and 1% decrease would decrease the fair value by ₹35.94.
		Long-term operating margin	March 31, 2021: 48.52% - 58.52%	5% increase in the margin would increase the fair value by ₹ 97.42 and 5% decrease would decrease the fair value by ₹ 97.42.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2019: 33.18% to 35.18%	1% increase in the WACC would decrease the fair value by ₹ 3.80 and 1% decrease would increase the fair value by ₹ 4.12.
		Long-term growth rate for cash flows	March 31, 2019: 4% to 6%	1% increase in the growth would increase the fair value by ₹ 1.87 and 1% decrease would decrease the fair value by ₹ 1.75.
		Long-term operating margin	March 31, 2019: 19.56% to 49.56%	15% increase in the margin would increase the fair value by ₹ 23.00 and 15% decrease would decrease the fair value by ₹ 23.00.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

39. FAIR VALUES (Contd.)

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Unquoted Equity Shares
As at April 1, 2019	**-**
Remeasurement recognised in OCI	-
Purchases	21.80
Sales	**-**
As at March 31, 2020	**21.80**
Remeasurement recognised in OCI	-
Purchases	20.04
Sales	-
As at March 31, 2021	**41.84**

40. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with in Level 1 that the observable for the asset or liability, either directly (i.e. as pieces) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data unobservable inputs

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2021 and March 31, 2020.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted Equity Share in L7 defence limited					
As at March 31, 2021	March 31, 2021	21.84	-	-	21.84
As at March 31, 2020	March 31, 2020	21.80	-	-	21.80
Unquoted Equity Share in Ray Pte. Limited					
As at March 31, 2021	March 31, 2021	20.00	-	-	20.00
As at March 31, 2020	March 31, 2020	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2021	March 31, 2021	3,907.62	3,907.62	-	-
As at March 31, 2020	March 31, 2020	3,018.36	3,018.36	-	-
Unquoted Compulsory Convertible Preference Share in L7 defence limited					
As at March 31, 2021	March 31, 2021	147.26	-	-	147.26
As at March 31, 2020	March 31, 2020	-	-	-	-

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, 2021 (Contd.)

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

41. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group does not have borrowings and derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, investments, receivables, payables, advances and other financial instruments. From the perspective of the Group, foreign currency risk is the most significant risk and the impact of interest rate risk and other price risk is not significant. The Group is not exposed to any material price risk.

The Group has certain financial assets and financial liabilities in foreign currencies which expose the Group to foreign currency risks. The foreign currency exposure of the Group has been disclosed in the financial statements.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The Group follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Investment decision in mutual fund is taken with the assistance from appointed agent. Credit risk on cash deposits is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Group has not incurred any loss due to credit risk.

(c) Liquidity risk

The Group had no outstanding bank borrowings as of March 31, 2021 and March 31, 2020. The working capital as at March 31, 2021 was ₹ 5,574.69 (March 31, 2020: ₹ 4,285.89) including cash and cash equivalents.

As at March 31, 2021 and March 31, 2020, the outstanding employee obligations were ₹ 15.38 and ₹ 8.56 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

41. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
As at March 31, 2021					
Trade payables	-	42.76	7.06	-	49.82
Other payables	-	336.92	126.75	-	463.67
Any other financial liabilities	-	7.53	5.77	-	13.30
Total	**-**	**387.21**	**139.58**	**-**	**526.79**
As at March 31, 2020					
Trade payables	-	75.44	13.35	-	88.79
Other payables	-	255.69	47.04	-	302.73
Any other financial liabilities	-	7.89	1.15	-	9.04
Total	**-**	**339.02**	**61.54**	**-**	**400.56**

Financial risk management

Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value. The Group manages its capital and makes adjustments to it in light of the changes in economic and market conditions. The total equity as at March 31, 2021 is ₹ 7,514.86 (March 31, 2020: ₹ 6,440.68).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

42. ESTIMATED UNCERTAINTY RELATING TO COVID-19 OUTBREAK

The World Health Organisation announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Group's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Group's business, financial condition, results of operations and cash flows for the year ended 31 March 2021 and thereafter.

Management continues to believe that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this Financial Statements.The Company has also ensured that majority of its key development and other critical resources are working from home and providing the required support to business and ensuring that there is least disturbance. The short term disturbance in the supply chain is having impact on the business however the same is expected to recover once the operations resume.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

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

43. SOCIAL SECURITY CODE

The Code on Social Security 2020 ('the Code') relating to employee benefits, during employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

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

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

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Place: Pune
Date: May 15, 2021

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

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

Nitin Kulkarni
Chief Financial Officer

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901

Place: Pune
Date: May 15, 2021

Quick Heal

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