

Quick Heal

Annual Report 2015-2016



Quick Heal Technologies Limited

LARGE PORTFOLIO OF EASY-TO-USE HIGH QUALITY SECURITY SOLUTIONS



CONSUMER

Simple and Comprehensive Solutions for Desktops,
Laptops, Tablets and Smartphones.



ENTERPRISE

Powerful Enterprise Solutions for Endpoint Security,
Gateway Security and Mobile Device Management.

SEQRITE

Enterprise Security Solutions by Quick Heal



Simplifying Security since 1995



Enterprise

Simplifying Security since 1995



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We have established a leadership position in developing proactive, proven security solutions and services that protect systems, networks and mobile devices for business and personal use around the world. We are the leaders in software security products in the retail segment, with trusted security architecture. Through a growing portfolio of integrated, innovative and simple-to-manage solutions across price points, we have earned the trust of our customers. The diversity and scale of our products and our capabilities put us in a unique position to respond to market needs. Our track record of two decades, experienced management, strong brands and well-equipped team of support engineers lend us the desired confidence.

During the year, we solidified our strategy for growth and executed it well. We drove our core businesses in the retail segment, where we have a dominant position, and build on these assets to increase presence in the enterprise, government and mobile device segments. We also gained valuable intellectual property to enter diverse markets. We sharpened our focus and accelerated our pace of innovation to deliver shareholder returns. We continued our relentless pursuit of growing exports and strengthening our research and development capabilities to drive scalable and sustainable growth.







Moving ahead, we are making on-going investments in new technology to drive rapid innovation and create business value. Our aim is to deliver operational excellence and thought-leadership on strategic decisions and investment plans. With this, we aim to achieve our desired business goals and improve resiliency in today's cyber world. We wish to make security an "essential ingredient" of all architecture, and on every platform. We live by our mission to give everyone the confidence to work safely and securely in the digital world, detect threats and correct potential vulnerabilities.

AT A GLANCE

We are one of the leading providers of security software products and solutions in India, with a leadership position in the retail segment. We have a track record of more than 20 years in specialising in cyber security. We have a large portfolio of easy-to-use, high quality security software products and solutions indigenously developed in India. These are designed to simplify IT security management across the length and depth of devices and on multiple platforms. Our solutions are customised to suit consumers, small businesses, Government establishments and corporate houses.

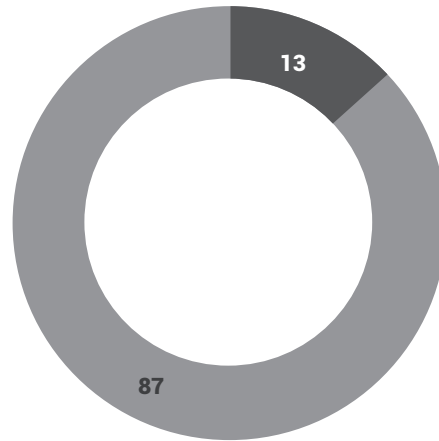
Our strong and diversified channel network comprises single and multi-tier structure, covering metros and Tier 1, 2 and 3 towns. We have a presence across segments and platforms and devices. We track evolving security threats to define, improve and customise solutions and protect critical data. We have a strong R&D team equipped to develop new products and applications and focusing on computer and network security solutions. Our current portfolio of cloud-based security and advanced machine learning enabled solutions stop threats, attacks and malicious traffic before it strikes, considerably reducing system resource usage.

WHAT DIFFERENTIATES US IN THE MARKETPLACE

-  Large & Growing User Base
-  Strong & Diversified Channel Network
-  Continuous R&D & Focus on Innovation
-  Strong Financial Track Record
-  Customer centric approach
-  Significant national outreach and penetration

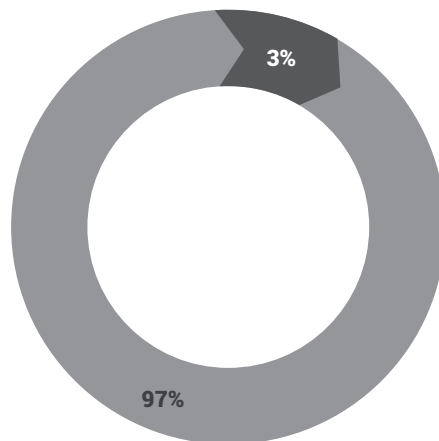
OUR REVENUE COMPOSITION

87% Consumer Product Sale
13% Others Product Sale



OUR REVENUE BUILD-UP

97% India
3% Rest of the World



HOW WE SERVE OUR CUSTOMERS

- Easy-to-use products across price points
- Extensive channel network
- Product availability across customers
- Multi-lingual customer support
- Domestic and international support centre
- Remote and on-site ground support

7.3 Million
Active User Licenses

306
Government Channel Partners

400
Sales & Marketing Manpower Strength

30%
Market share in Retail Segment

1,092
Mobile Channel Partners

36
Cities we are Present in

19,000
Retail Channel Partners

20 Years
Experience in Cyber Security

64
Offices and Warehouses

372
Enterprise Channel Partners

Global Subsidiaries
US, Japan, UAE and Kenya

4
International Offices

Our Vision and Mission

Vision

To be one of the most trusted and premium brands through fast paced innovation and our leadership ability to deliver the best of products and services to our customers and delighting our stakeholders while being mindful of our overall responsibilities.

Mission

To solidify our leadership position globally in an ever-evolving security products and services industry, across a range of growing market segments, including computers, mobiles, tablets and Next Gen Networks (NGNs) and to forge strong customer and partner relationships.

OUR DIVERSIFIED PRESENCE

USA
Quick Heal
Technologies
America Inc.

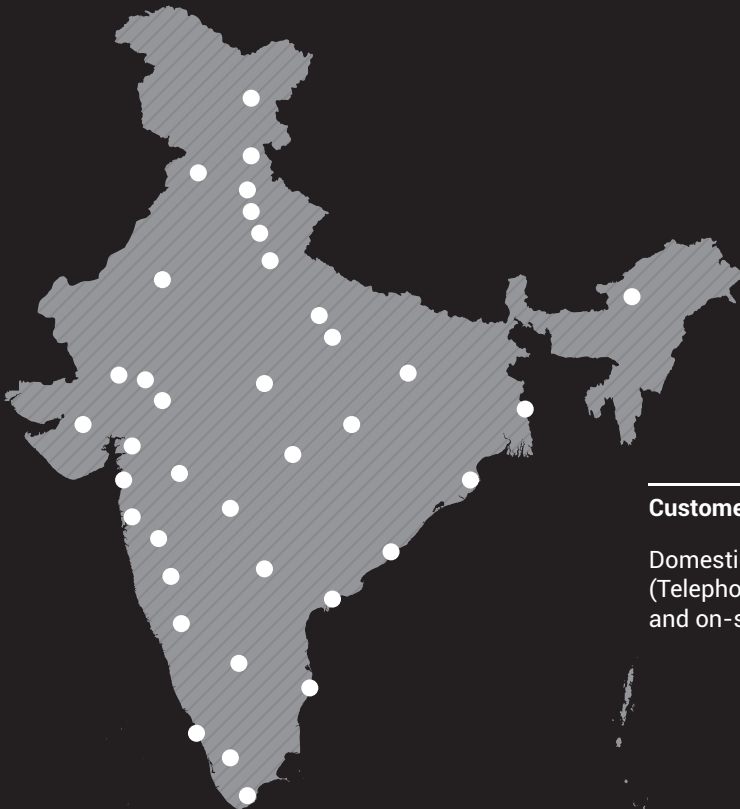
UAE
Quick Heal
Technologies
(MENA) FZE

KENYA
Quick Heal
Technologies
Africa Ltd.

JAPAN
Quick Heal
Technologies
Japan K.K.

INDIA (HO)
Quick Heal
Technologies Ltd.

We continue to retain and expand our user base consistently by focusing on Tier 2 and 3 towns in India. Besides enhancing our brand presence in India, we are considering international expansion through consistent brand building and marketing efforts.



Customer Centric Approach

Domestic & International Support Centre
(Telephone, SMS, Online chat forum, Remote
and on-site ground support)



PREFERRED

CHOICE OF IT TECHNICIANS FOR
COMPUTER VIRUS CLEANING

We continue to retain and expand our user base consistently by focusing on Tier 2 and 3 towns in India. Besides enhancing our brand presence in India, we are ramping up our international expansion through consistent brand building and marketing efforts. We are exploring further opportunities in newer territories such as South Africa, Middle East, South East Asia etc.



7.3m+

ACTIVE LICENSES ACROSS MORE
THAN 80 COUNTRIES



30% +

CONSUMER MARKET
SHARE IN INDIA



2.0x growth

ACTIVE LICENSES ACROSS MORE
THAN 80 COUNTRIES



24.5m+

PRODUCT LICENSES INSTALLED

OUR PRODUCTS



Quick Heal

Security Simplified

SEQRITE

Quick Heal
Gadget Securance



Fonetastic



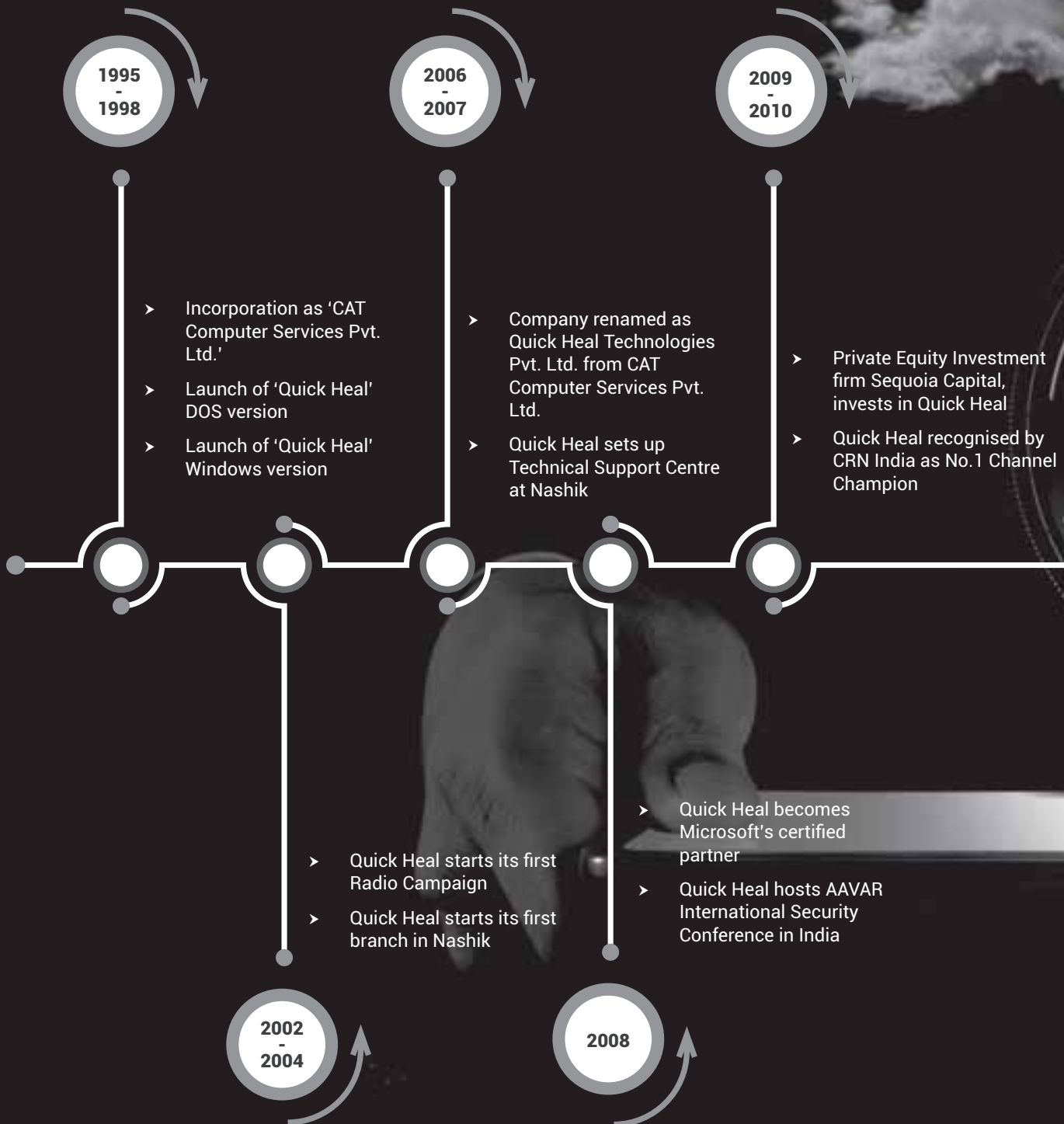
OUR PRODUCTS

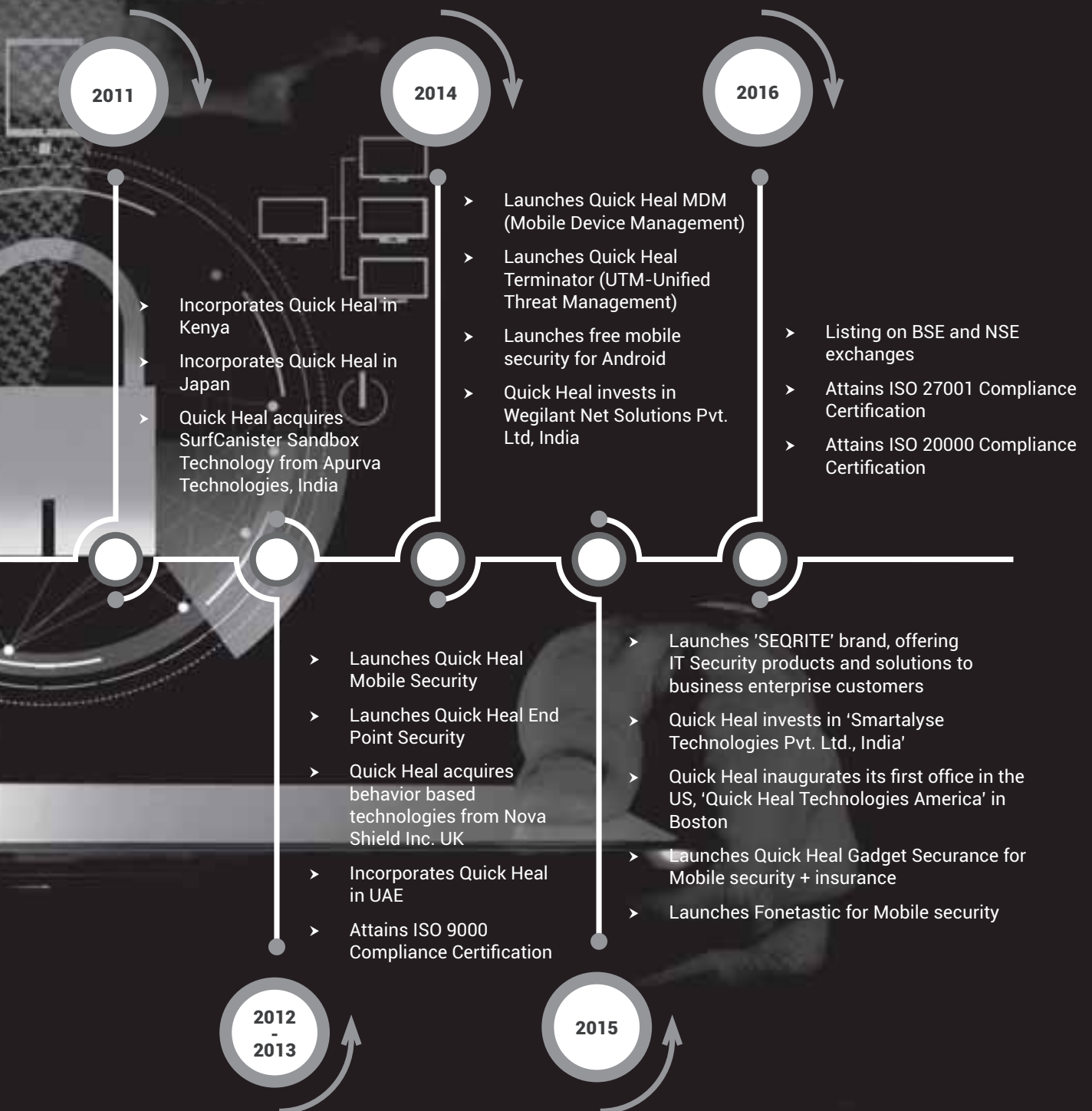
CONSUMER	Quick Heal
ENTERPRISE	Seqrite

PRESENCE ACROSS THE VALUE CHAIN

SEGMENTS	Home, SMB, Enterprise, Government
PLATFORMS	Windows, Mac, Android, iOS, Linux
DEVICES	Desktops, Laptops, Mobiles and Tablets

OUR JOURNEY





CHAIRMAN'S MESSAGE



Dear Shareholders,

FY2016 was a successful year as we grew our business, built and introduced new products and advanced our key strategic initiatives. This enabled us to improve our competitiveness and create value for shareholders.

I feel exceptionally privileged to work with such talented people at Quick Heal. Our management team and our employees do outstanding work every single day _ sometimes under enormous work pressure _ while dealing with an extreme number of complex business and regulatory issues. The way our people and our firm are able to address our challenges, while continuing to grow our businesses and support our clients, fills me with pride. In spite of a challenging market environment, our Company never stopped supporting clients and make a positive impact on our communities.

Our Initial Public Offering in (IPO) in February, 2016 was over-subscribed 11 times. We thank our retail and institutional investors for the excellent response to the offering and for making the IPO a grand success. We are humbled by your continued support and confidence and would like to reaffirm our commitment to you.

Led by our long-term vision to become a global leader in brands and technologies, guided by our values and with an inspired team, we continued to implement our strategy. Our clear focus has been to deliver strong performance _ despite a highly volatile and challenging business environment.

Our Financial Performance

FY2016 was an excellent year for Quick Heal. We achieved strong financial performance, continued to successfully implement our strategy and laid a strong foundation for the future. Robust growth was displayed across all customer segments. Our Revenues grew 18% YoY at ₹ 3,380.7 million. Revenue from Retail, Enterprise & Government and Mobile segments accounted for 85.1%, 13.3% and 1.6% of the total revenues, displaying a growth of 16%, 21% and 397%, respectively. Our EBITDA grew 12% YoY at ₹ 1,024.6 million, while Profit After Tax grew 9% at ₹ 584.0 million. Our total number of licenses sold grew 22% during the year at 6.86 million. Licenses sold to Retail, Enterprise & Government and Mobile segments stood at 5.76 million, 0.92 million and 0.18 million, displaying a growth of 18%, 34% and 225%, respectively.

We incurred expenses of ₹ 599.6 million during the year towards R&D. We have a conservative approach to expense out our R&D cost. We also hope to gain the benefits of R&D expenses in the coming years, as we witness growth in mobile and handheld devices segments. The Board approved a total dividend payout of ₹ 175 million for the year under review (excluding dividend tax of ₹ 35 million). This translates into a dividend of ₹ 2.50 per equity share with face value of ₹ 10, amounting to a total dividend payout ratio of 36.1% of PAT.

Excellence is our Passion

Strong brands are the backbone of our business. We have established a proven track record of execution since two decades and are further expanding our user base through customised offerings and new products to address emergent needs and bring value to the customer. We are a highly differentiated IP-driven IT company, that has built its success on its IP protected products. Our business model is about creating quantum revenue growth, free cash flows and profits, disproportionate to our cost structure. We are in the business of selling standard software solutions to millions of users, not bound by geographical limitations. Our commitment to innovation is reflected in high innovation rates across all businesses.

We continue to build our business by investing in infrastructure, systems, technology and new products. Our new generation security software solutions are designed to meet diverse enterprise requirements, available across multiple price points and usage. Having cemented our market position in the Consumer segment with a comprehensive product portfolio, we are taking full advantage of our R&D expertise to build a strong platform and make deep inroads into the institutional segment. We also expect the Mobile Phones and Handheld Devices segments to be a key future growth driver. The market potential in this segment is vast, given that Smartphone sales are seen rising from 90 million in 2013 to 339 million in 2017 _ translating into a CAGR of 39%.

In addition to desktop and mobile security, we also offer end-point security, cloud-based mobile device management and a host of other solutions. Furthermore, our solutions are available across a wide range of platforms _ Windows, Mac, Android, iOS and Linux, and across various devices _ Desktops, Laptops, Mobiles and Tablets. We have an extensive pan-India distribution network to reach end-customers in India.

Strategic Goals for FY2017

We aim to expand our existing product offerings and offer differentiated solutions to customers, thereby strengthening our overall brand presence in India and globally and will continue to retain and expand our user base. We are currently identifying new SMB opportunities, increasing our engagement with channel partners and expanding internationally by strengthening our brand presence. We also intend to use consulting and training in the area of security to explore new avenues and build a new line of business within Quick Heal.

Moving Ahead

The task ahead is simple to state: It is to enhance our market competitiveness and achieve industry leading growth and margins. In addition to increasing our competitive advantages and pricing power, we are focusing on making long-term investments in building strong R&D capabilities. We aim to improve the agility of our company, and sharpen the accountability of our business units, projects and individuals to deliver results.

The enthusiasm, commitment, energy and hard work of every employee at Quick Heal Technologies Limited to achieve these goals is evident. Everyone is fully committed to our targets and we will continue to implement our strategy to deliver excellent performance.

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.

With Regards,

Mr. Kailash Katkar
Managing Director & CEO

OUR BOARD OF DIRECTORS



KAILASH KATKAR

MD & CEO

Promoter of the Company since incorporation



SANJAY KATKAR

MD & CEO

Promoter of the Company since incorporation



ABHIJIT JORVEKAR

Executive Director and VP

Responsible for Sales & Marketing



APURVA JOSHI

Independent Director

Is a certified bank forensic accounting professional and anti-money laundering expert



PRADEEP BHIDE

Independent Director

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



MEHUL SAVLA

Independent Director

Serves as the Director of RippleWave Equity Private Limited



SHAILESH LAKHANI

Non-Executive Director

Serves as the MD at Sequoia Capital India



SUNIL SETHY

Independent Director

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

CORPORATE INFORMATION

Board of Directors

Mr. Kailash Sahebrao Katkar
Managing Director & CEO

Mr. Sanjay Sahebrao Katkar
Managing Director & CTO

Mr. Abhijit Shantaram Jorvekar
Executive Director and
Vice President Sales

Mr. Shailesh Lakhani
Non-Executive Director

Mr. Sunil Vikram Sethy
Non-Executive Independent Director

Mr. Pradeep Vasudeo Bhide
Non-Executive Independent Director

Mr. Mehul Mulchand Savla
Non-Executive Independent Director

Ms. Apurva Pradeep Joshi
Non-Executive Independent Director

Registered Office

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

Corporate Identification Number

U72200MH1995PLC091408

Chief Financial Officer

Mr. Rajesh Ghonasgi

Company Secretary & Compliance Officer

Mr. Vijay Shirode

Statutory Auditors

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

Bankers

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

Registrar And Transfer Agents

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

Audit Committee

Mr. Sunil Vikram Sethy
Chairman

Mr. Kailash Sahebrao Katkar
Member

Ms. Apurva Pradeep Joshi
Member

Stakeholders Relationship Committee

Mr. Pradeep Vasudeo Bhide
Chairman

Mr. Mehul Mulchand Savla
Member

Mr. Kailash Sahebrao Katkar
Member

Nomination And Remuneration Committee

Mr. Mehul Mulchand Savla
Chairman

Mr. Sunil Vikram Sethy
Member

Ms. Apurva Pradeep Joshi
Member

Corporate Social Responsibility Committee

Ms. Apurva Pradeep Joshi
Chairman

Mr. Kailash Sahebrao Katkar
Member

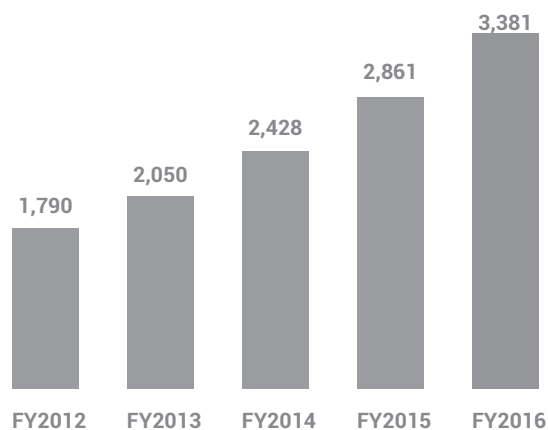
Mr. Sanjay Sahebrao Katkar
Member

Grievance Redressal Division

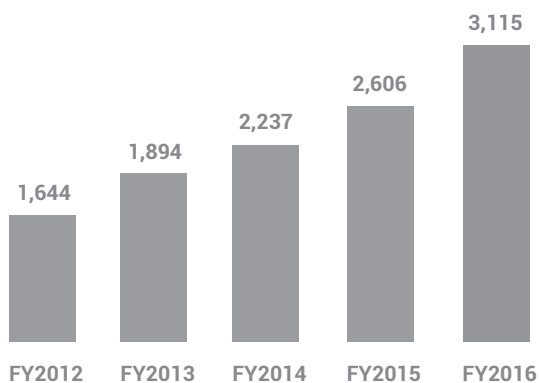
cs@quickheal.co.in

OUR FINANCIAL SCORECARD

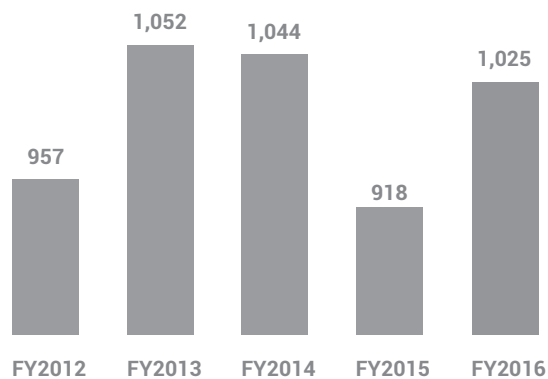
REVENUE FROM OPERATIONS In ₹ Million



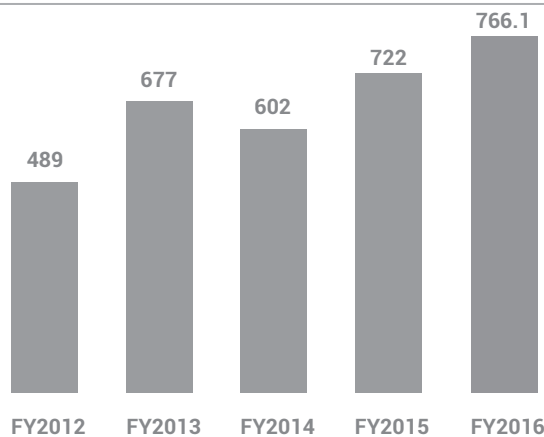
GROSS PROFIT In ₹ Million



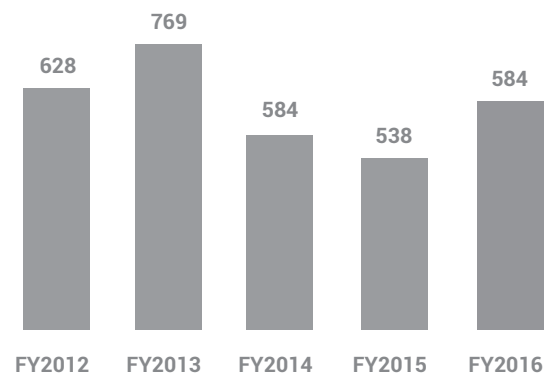
EBITDA In ₹ Million



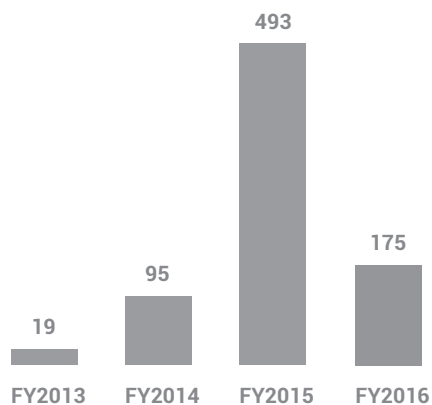
OPERATING CASH FLOW In ₹ Million



PROFIT AFTER TAX In ₹ Million



AMOUNT OF DIVIDEND DECLARED AND PAID EXCLUDING DIVIDEND DISTRIBUTION TAX In ₹ Million



OPERATIONAL HIGHLIGHTS

LICENSES SOLD

- Total Number of Licenses sold grew by 22% to 6.86 million
 - **Retail:** 5.76 million
 - **Enterprise & Government:** 0.92 million
 - **Mobile Segment:** 0.18 million

COMPETENCE

- **Consumer Security:** 1,343 million attacks blocked
- **Enterprise Security:** 118 million attacks blocked
- **Mobile Security:** 26 million malicious apps detected

AWARDS

- Won the 12th Annual Info Security PGs 2016 Global Excellence Awards, USA
 - Gold Winner for Product Development/ Management Executive for the Year
 - Silver Winner in the category for Security Products and Solutions for Small Businesses and SOHO
 - Received ICSA Labs Excellence Award in "Information Security Testing" for the 5th consecutive year in a row

AWARDS & ACCOLADES

Our large portfolio of products solutions has earned us a variety of awards and certifications from industry groups and publications. We attribute the industry recognition to our research & development as well as technology capabilities, which represent our core competency and are one of our key competitive advantages.

2008	CRN Channel Champions, Antivirus Segments awarded by United Business Media	2014	Quality Brands awarded by Quality Brand Times
	CRN Channel Champions, Antivirus Segments awarded by United Business Media		CRN Channel Champions, Client Security awarded by United Business Media
2009	Emerging India Awards awarded by ICICI Bank and CNBC TV 18	2015	DQ Channels India's Most Popular Vendor
	Maharashtra IT Awards, awarded by Government of Maharashtra		CRN Channel Champions, Client Security awarded by United Business Media
	Channels Choice Award awarded by DQ Channels	Mumbai Hot 50 Brands in the B2C category awarded by OneIndia	
	CRN Channel Champions, Antivirus Segments awarded by United Business Media	IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category awarded by Indian Merchants Chamber	
2010	Deloitte Technology Fast50 India awarded by Deloitte	2016	Best Make in India Brand-14th VARINDIA IT Forum Top 100 Most Admired Brands, VARINDIA 5th Edition Brand Book
	Deloitte Technology Fast500 Asia Pacific awarded by Deloitte		Best Antivirus, 9th NCN Most Innovative Product of the Year Award
	SME Awards for Best SME Innovation awarded by Business Today		12 th Annual Info Security PG's 2016 Global Excellence Awards, USA
	Tech Life _ The Lifestyle and Gadgets Awards awarded by NDTV		Sanjay Katkar, MD and CTO: Gold Winner for Product Development/ Management Executive of the Year
	CRN Channel Champions, Antivirus Segments awarded by United Business Media		SEQRITE: Silver Winner in the category of Security Products and Solutions for Small Businesses and SOHO
2012	Maharashtra Corporate Excellence Awards by Maxell Foundation	2013	ICSA Labs Excellence in "Information Security Testing" Award for the 5th consecutive year
	Quality Brands awarded by Quality Brand Times		Quality Brands awarded by Quality Brand Times



June 2016: Quick Heal Technologies Limited
Best Make in India Brand-14th VARINDIA IT Forum
Top 100 Most Admired Brands, VARINDIA 5th Edition Brand Book



May 2016: Quick Heal Technologies Limited
Best Antivirus, 9th NCN Most Innovative
Product of the Year Award



February 2016: Quick Heal Technologies ICSA Labs Excellence in
"Information Security Testing"
Award for the 5th consecutive year



SEQRITE was the Silver Winner
in the category of Security Products and
Solutions for Small Businesses and SOHO

—
8

TRADEMARKS IN INDIA

—
7

TRADEMARKS IN ROW

—
3

PENDING PATENT
APPLICATIONS IN INDIA

—
2

COPYRIGHTS IN INDIA

—
4

PATENTS IN UNITED STATES

—
4

PENDING COPYRIGHT
APPLICATIONS IN INDIA

1 BUSINESS ENABLERS FOR LONG-TERM GROWTH

Leveraging our Dominant Position in Consumer Business to Sustain and Increase Market Share

We are the preferred anti-virus solution provider company, offering solutions to home users, small offices and home offices. With dominant brands for home users, we command a 30% market share in the consumer segment. Our retail segment contributed 85.1% of our revenues in FY2016. We are dedicated to building strong, sustainable and long-term customer and partner relationships based on customisation, quality and alliances.

Our proprietary anti-virus technology – sold under the brand name Quick Heal – is used to detect security threats including virus attacks across software platforms (Windows, Mac, Android, Linux) and devices (including desktops, laptops, mobiles and tablets). As a customer-centric, relationship-driven partner, Quick Heal focuses on providing easily deployable and trustworthy security solutions for defense against real-time risks. The solutions simplify security management across the length and depth of devices and on multiple platforms. The Quick Heal ecosystem is infused with a genuine culture of customer satisfaction and the product family has been voted as the 'Most-Preferred' AntiVirus brand by CRN Channel Champions.

Our High-Quality Solutions

Our solutions guard the users against viruses, spam, and spyware, as well as to manage data loss prevention, mobile security, host intrusion prevention, encryption, and e-mail security. We provide high-quality feature-rich security software solutions for the consumer segment that can be deployed or accessed with minimal effort and limited technical knowledge. Our solutions are user-friendly, effective and efficient, and endeavour to offer a superior user experience.

We have more than 24.5 million licenses of our products installed and have over 7.3 million active licenses spread across more than 80 countries. Our distribution model helps us deliver our solutions to a large addressable market,

We are the market leaders in the domestic business of software security products and solutions in India, with a 30% market share in the consumer segment. We are a popular anti-virus brand in India with a strong market position. We own a diversified and large portfolio of products, making us the industry leader.

distributed across a broad geographic spectrum at low costs. We have a network of 19,000 retail channel partners and 1,092 mobile channel partners.

Our Widespread Distribution Reach

Our distribution reach and selling capabilities of the channel partner network continues to drive business growth and provides us with competitive market advantages. We strive to retain and expand our user base in Tier II and Tier III towns with tailored offerings for users. We develop and promote software-as-a-service (SaaS) model. We have strong, sustainable and long-term relationships with channel partners, who are leveraged to distribute and re-sell solutions and maintain connectivity with end-users.



ACTIVE LICENSES ('000)



2 BUSINESS ENABLERS FOR LONG-TERM GROWTH

Penetrating Deeper into the SME Segment with Diversified and Affordable Security Solutions

Smaller enterprises are steadily adopting higher levels of security measures. Small Indian enterprises typically look for basic security measures such as antivirus, anti-spam and firewall. They are attempting to adopt more Internet and network security measures. We, at Quick Heal, plan to improve our revenue share in the enterprise segment. We are taking initiatives to diversify from our retail-centric revenue base and increase our presence in the Enterprise segment, which currently forms 13% of our revenue.

During the year, we launched the Seqrite brand for the enterprise and government segment to fulfil their holistic security needs. Being extremely domain-specific, we are working towards expanding our range of security products for the SME segment, especially in the education, health and manufacturing sectors. We have a robust network and content security solutions designed to protect resources and communication channels for SMEs, Government establishments and corporate networks.

Developing Logistics

We are backed by our skilled and dedicated manpower, domain expertise and state-of-art research & development base. This results in premium security solutions and services, accruing to intellectual and business advantage for partners and customers. We are focusing on developing our logistics to ensure all enterprise products are available within 24 hours. We are expanding our sales team, identifying new SMB opportunities and increasing engagement with channel partners to grow our SMB and enterprise business.

We are banking on our two products – Seqrite Endpoint Security 5.0, targeted at mid-market and enterprise segments and Seqrite Terminator, its UTM targeted at the SMB segment. We foresee good traction in the education, manufacturing and

Industries We Serve:

- Manufacturing
- BFSI
- Healthcare
- Hospitality
- Educational Institutions
- Government Organisations
- Emerging e-commerce
- Service Sector

government segments. This is a scalable product based on a Web security engine. It consolidates multiple features such as application and device control, an intrusion detection & prevention system and rule-based filtering in a single agent.

Catering to Enterprise Partners

With a robust product portfolio in place, we launched Quick Heal Enterprise Partner Program. This program caters to specific needs of enterprise partners. It includes deal registration, training, incentives and dedicated partner or sales managers in each region. We will tier partners into Silver, Gold and Platinum levels for the enterprise segment depending on their commitment to QH products and revenue. We are currently focusing on setting up processes and appointing partners based on their reach and industry or geographic strengths. We also released a Seqrite Endpoint Security v6.4 which is an enhanced version, for larger network supporting up to 2,000 plus endpoints.

We are eyeing the enterprise segment for future growth. We established a niche in the fast growing small and medium enterprises segment by serving affordable security solutions. We work diligently to earn trust of enterprise segment with proven, broad-based solutions and ensure they spend less time worrying about Internet-based threats and attacks, and more time focusing on their businesses.

Enterprise Security

0.27 million

Cyber Attacks in FY15

Products serving the Enterprise Segment

Product	Targeted at
Seqrite Endpoint Security 5.0	Mid-market and Enterprise segments
Seqrite Terminator	SMB segment
Seqrite Enterprise Partner Program	Enterprise segment
Seqrite Endpoint Security v6.4	Enterprise segment


3 BUSINESS ENABLERS FOR LONG-TERM GROWTH

Capitalising on our Domain Expertise to capture a larger pie of the International Market

Marking a tremendous milestone, we forayed into the North American IT security market targeting SMEs. We offered a comprehensive easy-to-implement portfolio of proven solutions, backed by over two decades of experience. We are confident that our deep, global expertise in addressing the data security needs of SMEs across South Asia, the Middle East, Japan and beyond will serve our customers well.

The Quick HealSEQRITE™ line of data security solutions is available throughout United States and Canada and offers everything an SME needs to prevent internal and external threats, attacks and malicious intents before they strike the enterprise. SEQRITE provides a complete end-to-end solution covering endpoint, server, network and mobile device protection, as well as cloud-enabled management.





We have an expanding focus on international markets. We currently serve 7.3 million customers in over 80 countries on the international platform. We are aiming at international expansion through consistent brand building and marketing efforts and exploring further opportunities in South Africa, Middle East and South East Asia.

7.3 Million

CUSTOMERS ACROSS THE GLOBE

80+

COUNTRIES WE ARE PRESENT IN

4 BUSINESS ENABLERS FOR LONG-TERM GROWTH

Expanding Revenue Contribution from our Mobile Business

As of December 2015, India had over 350 million Internet users. It was the second-largest user base for Internet across the globe. This number is anticipated to touch an impressive 500 million by 2017. And with India being the world's second-largest smartphone market with its total base crossing 218 million users, business growth and volumes in the mobile device segment is only expected to rise.

Proliferation of smartphone/mobile devices has created a diverse computing environment for users. At Quick Heal, we offer several solutions – free and paid – for mobile devices. Our mobile security products have been well accepted. We entered into agreements with distributors of branded mobile phones through which the mobile anti-virus solution is bundled with the smartphone at the time of sale. We are also leveraging the opportunity of offering free solutions for mobile devices. In addition to this, we are betting on the PC2Mobile Scan feature for clients who understand the need for security in mobile devices.

Our Future Growth Driver

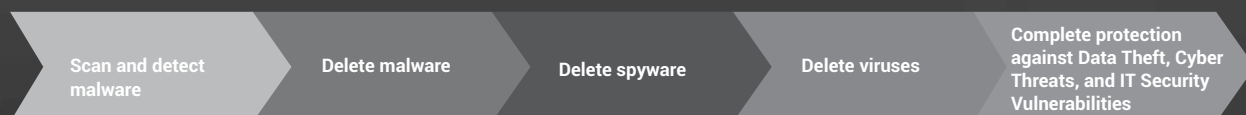
Moving ahead, we foresee the mobile device vertical to be one of the biggest contributors to our future revenues. With the education segment also having adopted UTM solutions, mobile device management is a sector where we have a clear emphasis.

Our motive is to develop additional solutions delivering functionality that is currently available for desktops and laptop users to mobile devices, particularly smartphones and tablets. Having developed an app for Windows Mobile-based smartphones, we look to develop more security apps for other devices, such as tablets. We also plan to launch the Unified Threat Management (UTM) security appliances.

Combined Offerings

In addition to mobile security solutions, we aim to provide insurance for mobile phones. Towards this move, we joined hands with an insurance company to offer insurance. Our product Quick Heal Gadget Security is targeted at increasing product awareness for such solutions. We launched this product across major platforms of Android, iOS and Windows smartphones, offering a mix of mobile security and handset insurance. Besides security against viruses and malware, it provides insurance cover against theft, burglary and physical, liquid and fire damage.

HOW DOES THE PRODUCT WORK?



Mobile platforms we cater to:

Android

Windows

Linux

iOS

Blackberry

Mobile security is the fastest growing product in our portfolio at Quick Heal. It will remain a key area of focus, with an untapped market potential in the mobile device anti-virus segment. We are focusing on expanding our mobile business.

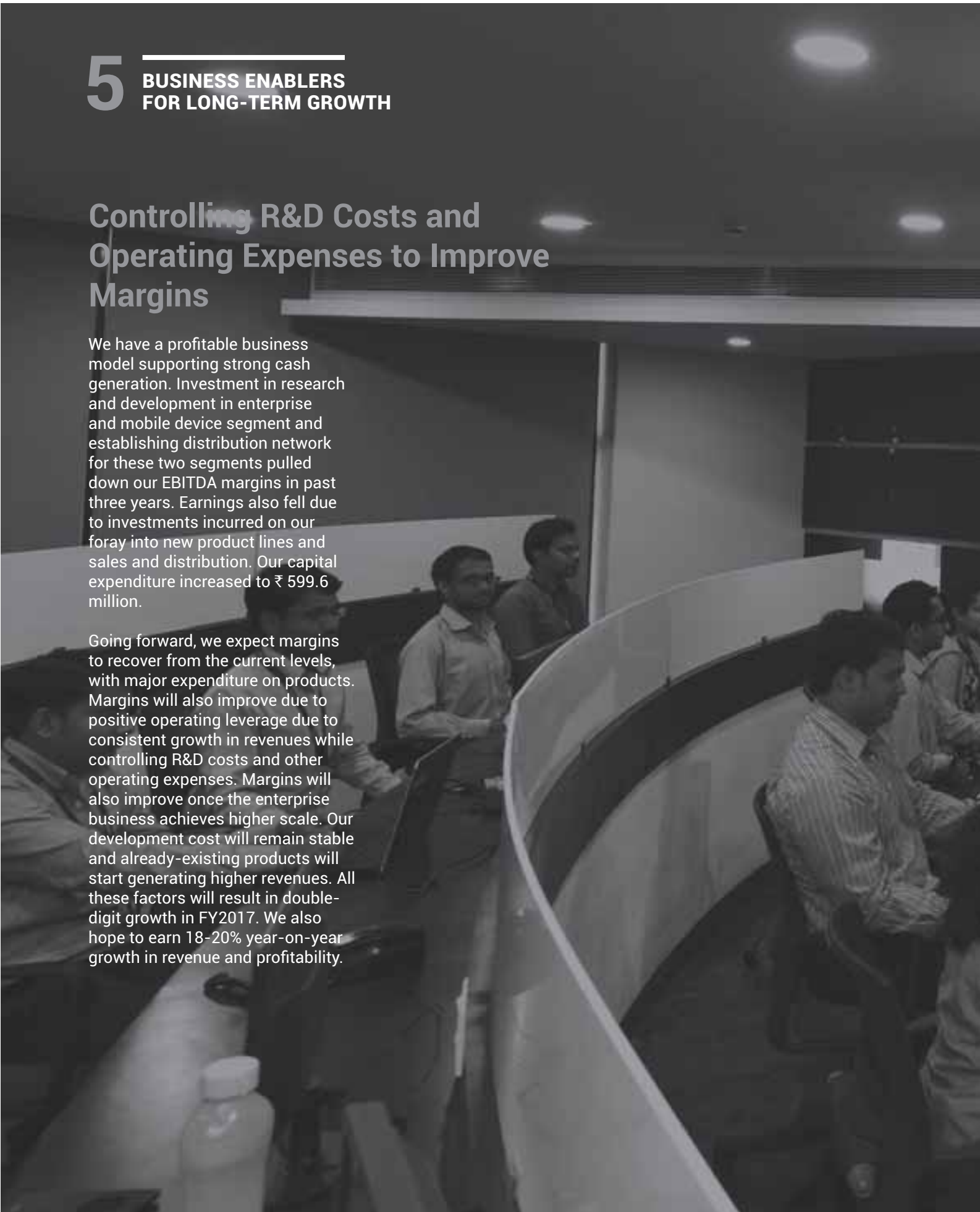


5 BUSINESS ENABLERS FOR LONG-TERM GROWTH

Controlling R&D Costs and Operating Expenses to Improve Margins

We have a profitable business model supporting strong cash generation. Investment in research and development in enterprise and mobile device segment and establishing distribution network for these two segments pulled down our EBITDA margins in past three years. Earnings also fell due to investments incurred on our foray into new product lines and sales and distribution. Our capital expenditure increased to ₹ 599.6 million.

Going forward, we expect margins to recover from the current levels, with major expenditure on products. Margins will also improve due to positive operating leverage due to consistent growth in revenues while controlling R&D costs and other operating expenses. Margins will also improve once the enterprise business achieves higher scale. Our development cost will remain stable and already-existing products will start generating higher revenues. All these factors will result in double-digit growth in FY2017. We also hope to earn 18-20% year-on-year growth in revenue and profitability.



92.1%

GROSS MARGIN

₹1,024.60 Mn

EBITDA

₹584 Mn

PAT

Healthy cash generation, zero debt balance sheet and robust return ratios reflect the strength of our financials. We are working on improving our margins with a positive operating leverage with consistent revenue growth while controlling R&D costs and other operating expenses. Our EBITDA margins will likely improve once our enterprise business achieves scale.

MANAGEMENT DISCUSSION AND ANALYSIS



ECONOMIC OVERVIEW

The Indian economy witnessed a very difficult phase in 2013 and 2014. The years were marked by a macro-economic slowdown, policy inaction, high inflationary scenario, weak global demand leading to declining exports, and high fiscal and current account deficits. The economic situation, however, saw a remarkable turnaround in 2015-16 as India's real GDP grew by 7.4% in FY2015, resulting a drastic improvement from 5.1% growth in FY2013 and 6.9% in FY2014. Inflationary pressures retreated with the Consumer Price Index (CPI) softening to 4.8% in March 2016 from 6.8% in FY2015 and 9.5% in FY2014, primarily driven by falling commodity prices. Fall in oil imports and gold imports helped the Government bring the current account deficit under control. Further, reduction in oil subsidies also helped the Government improve its fiscal deficit position.

The new Government has displayed a renewed zeal to address various policy and business-related issues and kick-start the economic engine. One of the most important measures taken by the Government has been the opening up of sectors such as railways and defence for foreign investment, which helped draw a record foreign direct investment (FDI) in 2015. With this, India's foreign exchange reserves position improved to US\$350 billion by December 2015. The overall growth during FY2015-16 was, however, partially offset by contraction in the rural economy and demand due to two consecutive years of drought. The outlook for FY2016-17 is promising, backed by better monsoon forecasts by Indian Meteorological Department (IMD) and 7.5% real GDP growth forecast by the International Monetary Fund (IMF). At this growth rate, India should become the fast growing large economy, ahead of China, in FY2016-17.

Mobile Security

26 million
malicious apps
detected in FY16

INDUSTRY OVERVIEW

Information Security Landscape in India

The Internet and digital world has been fast replacing the physical means of information communication. Increasing digitisation, Internet networking, connected technologies, expanding social media, and innovative payment channels have opened up multiple channels for exploitation by cyber criminals. Cyberattacks in recent times have rapidly evolved into an organised activity with multi-dimensional and complex nature. Today, cyberattacks are not only limited to stealing personal / financial information, they are also targeted towards business disruption and competitive espionage. Cyber criminals have been ahead of the curve in exploiting new vulnerabilities in the IT systems / networks / processes largely leaving organisations, Governments and individuals exposed to new varieties of threats.

Cyberattacks are being carried out through various mediums such as email attachments, infected websites, removable drives, social media, bundled softwares, mobile devices & applications, bank ATM machines, and merchant POS systems, among others. These cyberattacks have led to unprecedented financial loss, loss of intellectual property / sensitive data, reputation damage, disruption of businesses, regulatory non-compliance and loss of employee morale. Hence, there is a rising need for organisations, governments and individuals to adopt the latest IT security mechanisms to protect themselves against the potential implications of cyberattacks.

MANAGEMENT DISCUSSION AND ANALYSIS

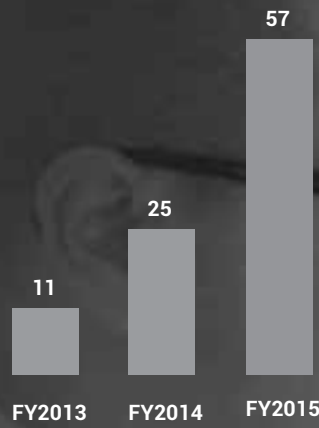
NUMBER OF CYBER ATTACKS IN INDIA

In Thousand



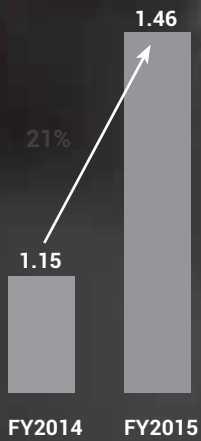
AVERAGE COST SUFFERED PER ATTACK

In Thousand



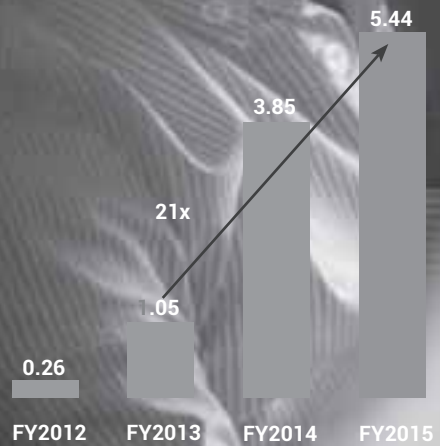
WINDOWS MALWARE

In Billion

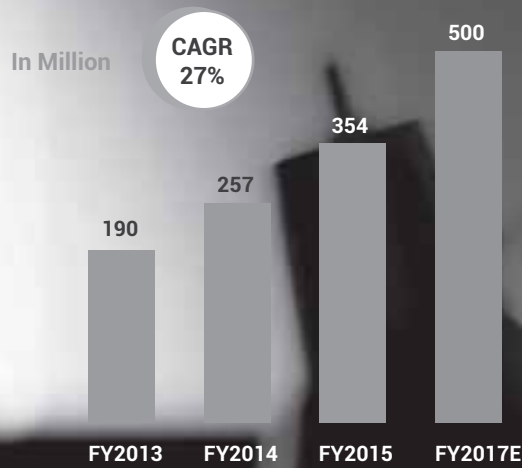


ANDROID MALWARE

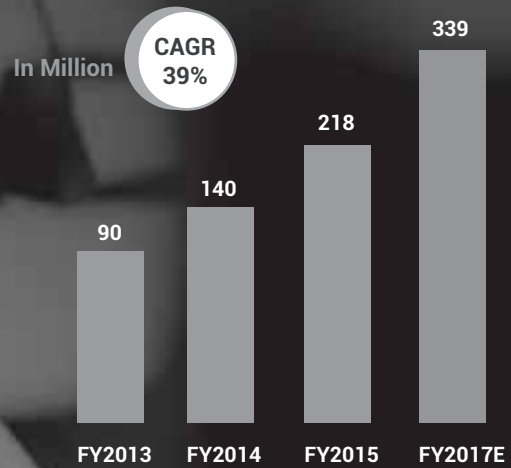
In Billion



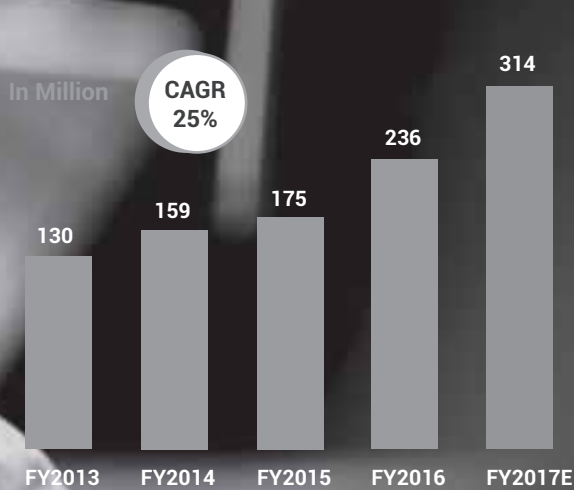
INDIA HAS 2ND LARGEST INTERNET USER BASE IN THE WORLD



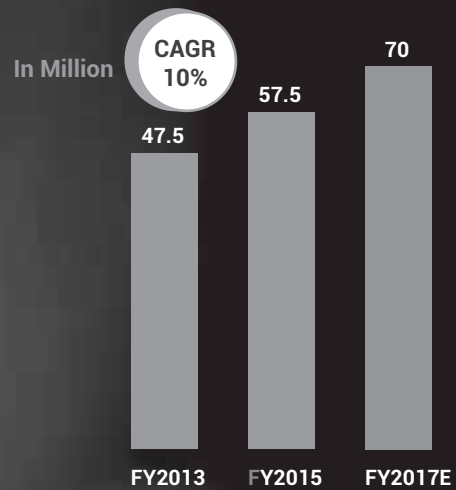
RISING SMARTPHONE SUBSCRIPTIONS



GROWING MOBILE INTERNET USERBASE



CONTINUED INCREASE IN PC INSTALLED BASE



74%

OF ALL DEVICES EXPECTED TO BECOME MOBILE CONNECTED BY 2019



40%

OF ALL DEVICES EXPECTED TO BE SMARTPHONES BY 2019



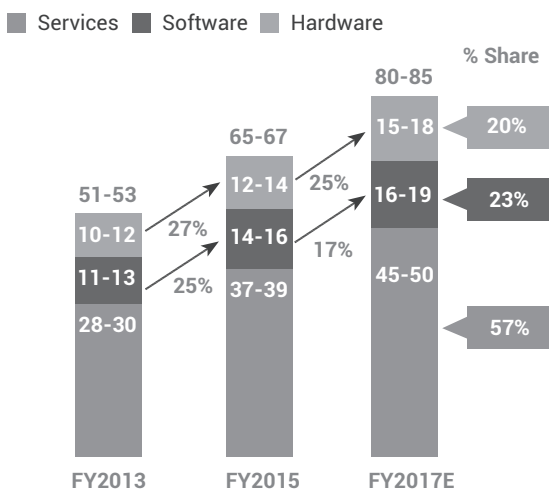
MANAGEMENT DISCUSSION AND ANALYSIS

IT Security Market in India – Strong Growth Potential

Increasing adoption of connected smart devices across organisations in India has opened up significant market for security services and products. Organisations in India have increasingly started taking cognisance of security threats and making adequate budgetary allocations for establishing robust IT security mechanisms. Businesses having higher dependency on Internet like the e-commerce sector and businesses with sensitive information such as the BFSI sector, telecom sector and the Government have increasingly started investing in IT security. This will require a tripartite model between the Government, the organisation and the individual for enhanced collaboration and communication of security techniques. The IT security market in India was valued at over ₹ 5,000 crore in 2013 (Source: Zinnov Analysis). Rapid adoption of IT security solutions and services by enterprises, Governments and individuals are expected to drive the IT security market to ₹ 8,000 crore by 2017, growing annually at around 12%. The IT security market primarily comprises of MDM (Mobile Device Management), UTM (Unified Threat Management), EPS (End Point Security) and Retail segments. Quick Heal offers solutions across all four of these segments and is a market leader in the Retail segment with over 30% market share.

INDIAN IT SECURITY MARKET

In ₹ Billion



1. Retail

The Retail antivirus products are designed for the home user. Apart from usual virus and spyware scan, retail products offer various other features to home users such as safe banking, scan mobile devices, stealth mode browsing, firewall, email security, web security, parental control and remote device management.

2. End Point Security (EPS)

The EPS product includes features for advanced device control, intelligent firewall, application control, advanced detection of threats and centralised control for updating of all connected systems.

3. Unified Threat Management (UTM)

The UTM product provides intrusion detection / prevention, content / spam filtering, controls to set access protocols for individual users. It also includes user groups, email traffic monitoring, virtual networking enablement, bandwidth management, load balancing and automatic link failover and comprehensive IT policy management.

4. Mobile Device Management (MDM)

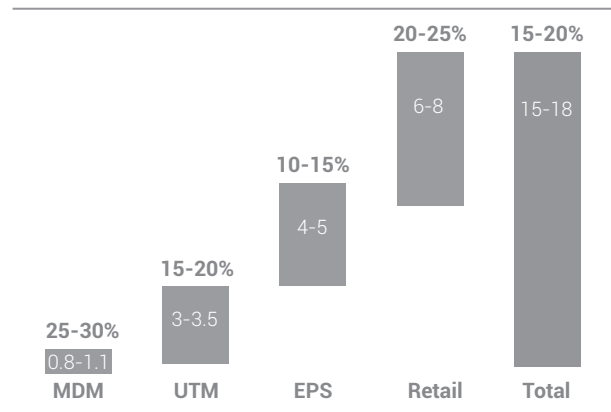
The MDM product offers protection against virus attacks, theft and unwanted contacts, device scan, privacy settings with call and message filter, intrusion detection, remote device management, device tracking and SOS messaging.

Small & Medium Businesses (SMB) – Future Demand Driver for IT Security Software

India has a flourishing SMB landscape, comprising of more than 5.1 crore SMBs (Source: Company RHP). These SMBs employ over 40% of India’s workforce of 11.6 crore people and contribute around 38% of the national GDP. These SMBs have been recently spending huge amounts on IT infrastructure and continually adopting new IT products. Despite the investments, these SMBs have been facing several IT security issues due to unsecured internet connectivity, use of incongruent software and hardware products, unauthenticated products and adoption of mobile devices within the organisation, leading to exposure to cyberattacks. The SMB segment, thus, provides significant potential for growth for the Indian IT security market.

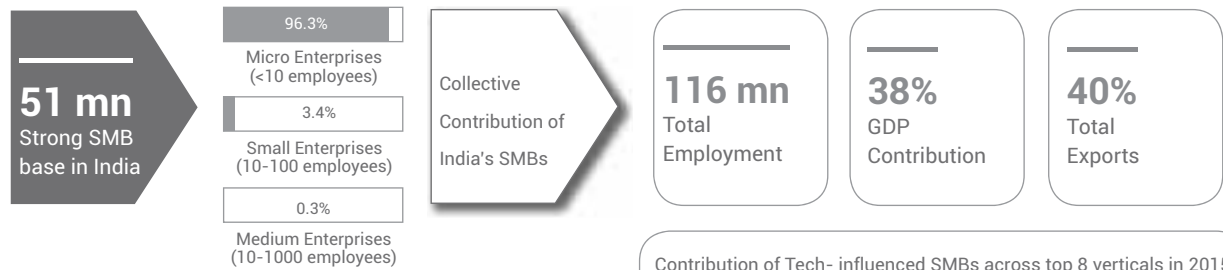
IT SECURITY PRODUCT SEGMENTS

In ₹ Billion

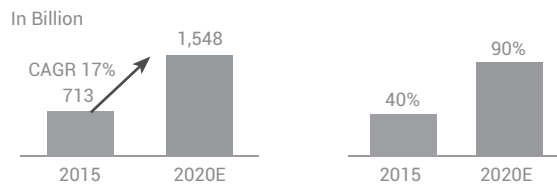


IT Security Product Segments
Source: Zinnov Analysis

In Addition to Retail Demand, Even SMBs Are expected to Drive Demand for IT Security in Future

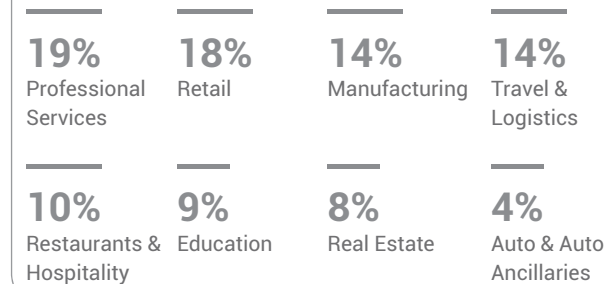


Increase in it Spend of SMBs % of Tech influenced SMBs



Source: Zinnov Analysis

Contribution of Tech- influenced SMBs across top 8 verticals in 2015



New Opportunities

1. Digital India

The 'Digital India' campaign of the Government of India aims to build a robust IT infrastructure and focuses on seamless delivery of various Government services through the digital route, thus leading to efficient service delivery, reduced paperwork and reduced financial leakages. The 'Digital India' concept will thus lead to a significant increase in the number of online transactions. This includes flow of large amount of personal, operational and financial data between various end points - Government departments, organisations and individuals. This will require IT security to be made an integral part of the overall organisational framework for safeguarding critical data integrity.

2. 100 Smart City Plan

The '100 Smart City Plan' of the Government of India aims to develop 100 smart cities as satellite towns or larger cities over next three years. A smart city involves integration of various Information and Communication Technology (ICT) solutions in a secure manner to manage and control city's assets. This might include local departments' information systems, schools, transportation systems, hospitals, libraries, power plants, waste management, water supply networks and other community services. This involves the use of use of sensors integrated with real-time monitoring systems,

collecting valuable data from citizens and devices for further processing and analysis. A total of ₹ 48,000 crore is slated to be spent on this project each by the central Government and the State Government over the next five years. This will necessitate robust IT security to avoid any theft as a result of any unwarranted access by the external elements.

3. Internet of Things (IoT) & Home Automation

The number of connected devices in India has significantly increased over recent times. By 2020, this number is expected to cross 270 crore connected devices, accounting for 5% - 6% of the global IoT industry.

The recent IoT policy drafted by the Department of Electronics and Information Technology has aimed to create an IoT industry in the country worth ₹ 90,000 crore by 2020. IoT involves the interconnected network of devices enabling seamless communication without any human intervention through interoperable communication protocols. As IoT governs the connectivity of various devices, it is giving rise to new threats of compromising connected devices and stealing valuable information from those devices. As per a study, businesses across various sectors are likely to witness increase in cyberattacks due to the increasing number of connected devices across the organisation. This makes it imperative to adopt sound IT security mechanisms for securing network devices and maintaining data integrity.

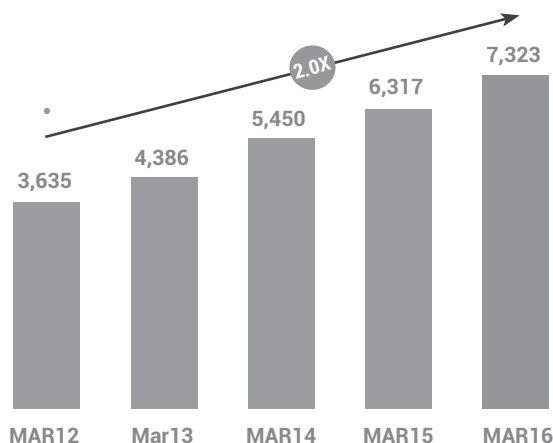
MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Quick Heal Technologies Limited ("Quick Heal" or the "Company") is one of the leading providers of security software products and solutions in India. The Company was incorporated in 1995 and has a registered office in Pune, India. Quick Heal anti-virus products are today available across all the four segments – Retail, SMB, Enterprise and Mobile. The solutions are available across various platforms – Windows, Mac, Android, iOS and Linux; and across various devices – desktops, laptops, mobile / smartphones and tablets. Our end-customers include home users, small offices and home offices (SOHO), SMBs, enterprises, educational institutions and government agencies and departments.

Quick Heal products are sold under two widely recognised brands – "Quick Heal" and "Seqrite". All retail and mobile products providing desktop / laptop and mobile / smartphone security are offered under the "Quick Heal" brand. On the other hand, all enterprise solutions providing end-point security, gateway security, network security, cloud-based mobile device management, data loss prevention and family safety software are offered under the "Seqrite" brand. The Company's strong brand recognition is highlighted by the fact that there are more than 24.5 million product licenses installed till date. As on 31st March 2016, there are more than 7.3 million active licenses, having grown 2.0X times over the last 5 years, spread across more than 80 countries. The Company is currently the market leader in the retail segment with more than 30% market share.

GROWTH TREND IN ACTIVE LICENSES ('000)



Quick Heal has developed its proprietary anti-virus technology based on an innovative behaviour and threat detection system, which detects and quarantines security threats including virus / malware attacks in real time. The Company has consistently invested in augmenting its product offerings through continuous R&D and in-house product development. Our security software solutions are user friendly and easily installable. These products are offered as single year or multi-year license and may be purchased as single or multiple user licenses. Further, the products are backed by strong customer support in English and various regional Indian languages. These anti-virus products are usually sold directly and through distributors or channel partners who, in turn, sell the products to resellers and then to the final customers.

We have a very strong and loyal distribution network associated with the "Quick Heal" brand - 64 Offices and Warehouses in 36 Cities in India and 4 International Offices, 19,832 Retail Channel Partners, 372 Enterprise Channel Partners, 306 Government Partners, 1,092 Mobile Channel Partners. Our internal sales team and channel partners collaborate to identify new sales prospects, sell solutions, and provide after-sales support.

Quick Heal's Product Competance

- Consumer Security - 1,343 million attacks blocked in FY2016
- Enterprise Security – 118 million attacks blocked in FY2016
- Mobile Security- 26 million malicious apps detected in FY2016

Robust R&D Framework to Actively Track and Quarantine New Viruses

R&D Team Composition

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

RECENT AWARDS & ACHIEVEMENTS

Year	Awards / Achievements
2016	Received ISO 27001 and ISO 20000 certification for "Information Security Management System" and "IT Service Management" respectively.
	Signed MoU with the Indian Computer Emergency Response Team ("CERT-IN") for helping them with increasing complex problems associated with computer/cyber security in India
2016	12th Annual Info Security PGs 2016 Global Excellence Awards, USA
	"Gold Winner for Product Development/Management Executive for the year
	Silver Winner in the category for Security Products and Solutions for Small Businesses and SOHO
2016	Received ICSA Labs Excellence in "Information Security Testing" Award for 5th consecutive year in row.
2015	CRN Channel Champions, Client Security awarded by United Business Media
2015	Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia
2015	IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber
2014	Quality Brands, awarded by Quality Brand Times
2014	CRN Channel Champions, Client Security awarded by United Business Media
2014	DQ Channels India's Most Popular Vendor
2013	Quality Brands, awarded by Quality Brand Times
2012	Maharashtra Corporate Excellence Awards, by Maxell Foundation
2012	Quality Brands, awarded by Quality Brand Times
2010	Deloitte Technology Fast50 India awarded by Deloitte
2010	Deloitte Technology Fast500 Asia Pacific awarded by Deloitte
2010	SME Awards for Best SME Innovation awarded by Business Today
2010	Tech Life The Lifestyle and Gadgets Awards, awarded by NDTV
2009	Emerging India Awards, awarded by ICICI Bank and CNBC TV 18
2009	Maharashtra IT Awards, awarded by Government of Maharashtra
2009	Channels Choice Award, awarded by DQ Channels
2008	CRN Channel Champions, Antivirus Segments awarded by United Business Media

Our Competitive Advantages

Established and Proven Technology

Quick Heal's anti-virus technology is highly effective, backed by technological evolution over the last 22 years. Our technological capabilities continue to remain our core competency, and hence, we invest significantly in strengthening our R&D capabilities. The technology used in our solutions is typically developed in-house. Our brand and technology are well protected by four patents in the United States, eight trademarks in India, seven trademarks in Rest of the World and two copyrights in India. Furthermore, we have three pending patent applications and four pending copyright applications in India. Quick Heal's Advanced DNAScan technology uses behaviour-based detection method for identifying any malicious programs based on its behavioural characteristics.

Our anti-virus technology is highly effective against latest and emerging threats, and protects users against zero-day attacks. Our solutions are available across a wide range of platforms _ Windows, Mac, Android, iOS and Linux, and across various devices _ Desktops, Laptops, Mobiles and Tablets. With our continued focus on R&D, we have introduced several solutions aimed at our enterprise customers such as gateway virus content filtering and advanced firewall. Solutions for IoT security and home automation security are currently under the development stage.

Comprehensive Product Portfolio _ Easy-to-Use, High-quality Solutions

Quick Heal security software solutions are available for home users as well as SMBs, enterprises, educational institutions and Government bodies. These can be easily deployed with minimal effort and limited technical knowledge. Our security software solutions are designed to meet diverse user requirements and are available with various feature-sets across multiple price points.

MANAGEMENT DISCUSSION AND ANALYSIS

Products for Home Users	Products for Smartphones / Mobiles	Products for SMBs, Enterprises, Educational Institutions and Government Bodies
Quick Heal Total Security	Quick Heal Mobile Security for Android	Seqrite Endpoint Security
Quick Heal Internet Security	Fonetastic Free	Seqrite Mobile Device Management (MDM)
Quick Heal AntiVirus Pro	Fonetastic Pro	Seqrite Terminator - UTM (Unified Threat Management)
Quick Heal Total Security for Mac	Quick Heal Gadget Securance	Seqrite Server Security
Quick Heal Tablet Security for Android		
Quick Heal Total Security for Android		
Quick Heal PCTuner 3.0		
Guardian NetSecure		

Products for Home Users - Key Features

Web Security	Protects against potentially unsafe websites
Email Security	Blocks emails with infected attachments or links to compromised and phishing websites
Safe Banking	Protects user's financial transactions on banking portals, shopping / e-commerce websites
Browser Sandbox	Provides secure internet browsing shielding device's operating system from malicious downloads
Data Theft Protection	Blocks unauthorised copying of data from computer to unauthorised USB drives
Parental Control	Provides settings to restrict children from visiting unwanted websites / programs
Firewall	Blocks external / internal network threats, monitors incoming / outgoing internet traffic, provides 'Stealth Mode' which hides one's PC from hackers
Anti-Keylogger	Prevents programs called keyloggers from recording what one types on keyboard while doing online banking / online shopping / internet browsing
Improved Scan Engine	Scans files and folders in lesser time without using too much system resources
Privacy Protection	Securely deletes sensitive data to prevent their recovery by any recovery tools
QH Remote Device Management	Provides a free portal where one can add Quick Heal enabled device, view its current status and get notified of any critical malware infections
PCTuner	Speeds up PC and boost its performance for resource-intensive tasks
PC2Mobile Scan	Scan and clean mobile device via PC. PC2Mobile Scan supports Windows, Android, iOS, BlackBerry, and Symbian devices
TrackMyLaptop	Tracks one's laptop if it gets lost or stolen

Products for Smartphones / Mobiles - Key Features

Auto Tuneup	Speeds up PC, deletes invalid and unwanted junk files, obsolete registry entries, traces of Internet history and of daily used applications.
Disk Cleanup	Removes invalid and junk files from the hard disk thus creating disk space and improving system performance
Registry Cleanup	Removes invalid registry entries from the system that appear due to improper uninstallation, non-existent fonts, etc.
Traces Cleanup	Removes traces of browsing history from browsers like Internet Explorer, Chrome, Safari and Opera. Also erases traces from programs like MS Office, Adobe Acrobat Reader, Media player, WinZip, WinRAR, etc.
Duplicate File Finder	Deletes duplicate files of images, music, movies, documents and other mostly used files.
Restore	By default, a backup is taken whenever Disk Cleanup or Registry Cleanup is performed. This helps the user to restore earlier settings in case any change in system behavior is observed.
Defragmenter	Registry Defragmenter helps speed up your PC by clubbing all page-file fragments into one continuous chunk.
Startup Booster	Boosts system performance by removing unwanted programs that run at startup and slow the system
Secure Deleter	Deletes the user specified files and folders permanently from the hard disk making them unrecoverable even by any recovery software.
Service Optimiser	Windows may be running potentially unwanted services that consume memory and slow down system performance at startup. Service optimiser is an added feature that help speed up your PC, by disabling these unwanted services.

Products for SMBs, Enterprises, Educational Institutions, Government Bodies

Endpoint Security	Mobile Device Management	Gateway Security
Advanced Device Control	Seamless Cloud Enabled Solution	Secure, safe and virus-free network environment
Web Filtering	Unified Management Console	Cost- effective bundled solution with all security solutions in one appliance
Application Control	Effortless Device Enrolment	Layer of robust anti-virus protection along with additional security and manageability tools like Firewall, IDS/IPS, PN and Bandwidth Manager
Asset Management	Flexible Profile Management	Plug-and-play solution without manual intervention and any major changes to existing network setup
Vulnerability Scan	Proactive Security Management	
Data Loss Prevention	Panoramic Asset Management	
File Activity Monitor	Instant & Detailed Audits	
Intrusion Detection / Prevention (IDS / IPS)	Application Control	
Group Policy Management	Network Data Monitoring	
Spam Protection	Call / SMS Monitoring	
Cloud Security		
Firewall		
Roaming Platform (cloud-based solution)		
Email & SMS Notifications		

MANAGEMENT DISCUSSION AND ANALYSIS

Extensive Pan-India Distribution Network

We have a wide spread pan-India distribution network built over the past several years. There are separate sales channels for retail sales, enterprise sales and mobile sales. We distribute our products through 64 offices and warehouses across 36 cities in India.

Retail Network

Our retail sales network is a three-tier network of channel partners. Tier I consists of premium partners who generate business for the Company. These also act as the sourcing point for the Tier II level of distribution channel. Our channel sales team maintains healthy relationships with premium partners and works closely with them to maximise the availability of our products and timely delivery to various selling points. The premium partners are assigned specific territories and minimum sales targets. They are also required to provide customer assistance in explaining technical information and related sales assistance to customers.

The Tier II level of distribution channel consists of elite partners who primarily act as resellers and distributors of Quick Heal products to retailers – the final point of sale. Elite channel partners purchase our products from premium partners and further sell them to retailers, distributors and the end-customers. Our channel sales team, along with the sales team of the premium partners, maintains regular communication with the elite partners and works with them to increase the visibility of our brand and the popularity of our solutions. The elite partners are also required to work within the specified area of sales and need to achieve minimum sales targets. As on 31st March 2016, we have 19,832 retailers' network across India.

Enterprise Network

Our enterprise network is also a two-tier network consisting of platinum partners and gold partners. The platinum partners typically sell and distribute Seqrite range of solutions to SMBs and enterprise customer and also act as the sourcing point for the Gold partners. Gold partners purchase our Seqrite range of solutions from a Platinum partner and further resell solutions to end customers. We conduct certifications programmes to educate and empower our channel partners so that they can make informed sales to enterprises. We also train our channel partners on providing after-sales support services to enterprise users. As of 31st March 2016, we have 372 partners for enterprise sales. In addition to above, we have also setup a separate channel for sales to government agencies / departments. As on 31st March 2016, we have 306 government sales partners.

Mobile Network

We have recently built our mobile channel consisting of 1,092 partners, as on 31st March 2016. We are currently working on the development of this channel and are investing in marketing and brand building activities. Considering the fact that the number of people buying expensive smartphones is rising, we have introduced Quick Heal Gadget Security which provides security and insurance as a combined product. We also offer solutions in the form of mobile applications like Mobile Total Security, an application that provides mobile data security and Fonetastic (available in both free and paid versions) that provides a combination of advanced security and enhances the productivity of mobile devices.

Superior Customer Support

With our constant endeavour and commitment to provide high-quality solutions for our customers, we place a strong emphasis on after-sales customer support. We provide multi-lingual end-user support in English, Hindi and several other major regional Indian languages. We also provide multi-modal support to our users through phone, e-mail, SMS, online chat, besides remote access (our key differentiator) and ground support and onsite support for the non-home users. Furthermore, data sheets, product videos and manuals are available on the Company's website, providing useful information on technical specifications of our solutions and help guide for product installation. We also release various articles, technical papers, quarterly threat reports and conduct webinars from time to time in the area of security software. This helps us resolve customer issues in a more time-efficient manner, thereby helping us increase user satisfaction and retention.

Business Outlook & Strategie

Going forward, we shall aim to expand our existing product offerings and offer differentiated solutions to our customers, thus enhancing our overall brand and presence in India and globally. Our business strategy will be broadly based on achieving following goals over the near-to-medium term. We shall continue to retain and expand our user base by focusing on Tier II and Tier III towns, offering tailored solutions to SMB and enterprise users and develop and promote software-as-a-service (SaaS) model. We will look to grow our SMB and enterprise business by focusing on various sectors such as manufacturing, BFSI, healthcare and hospitality. We aim to expand our sales team to identify new SMB opportunities and increase engagement with channel partners. We will consider international expansion through consistent brand building and marketing effort including media events and exhibitions and also explore

opportunities in South Africa, Middle East and South East Asia. We will continue to expand our mobile capabilities by developing products for mobile platforms such as Android, Windows, Linux, Ios and Blackberry and for smartphones and tablets. On the R&D front, we will look to broaden our portfolio by working on several new technologies such as IoT and home security automation. We aim to leverage emerging opportunities in form of Digital India, 100 Smart City Plan, IoT and Home Automation.

RISKS & CONCERNS

Rapidly evolving market needs and new technology developments

We operate in a market that is characterised by rapidly changing technologies and business plans, which require users to adapt to increasingly complex IT infrastructures that incorporate a variety of hardware, software applications, operating systems and networking protocols. As our users' technologies and business plans grow more complex, we expect them to face new and increasingly sophisticated methods of cyberattacks. Our solutions focus on safeguarding IT systems, infrastructure, applications, network, information and data. However, hackers, cybercriminals and advanced cyber attackers are skilled at adapting to new technologies and developing new methods of gaining access to users' sensitive personal and business data. Any delays in the introduction of such new solutions, updates, enhancements and features for effectively protecting end users against new security threats, can impact our competitive position, product reputation and business prospects.

Quick Heal lays strong emphasis on continuous investments in research & development in order to ensure that the latest evolving threats are addressed through timely updates and features introduced to the users. During FY15 and FY16, the R&D investments made by the company were around 16.1% and 17.7% of total revenues respectively. It has a strong R&D team of 555 people working on identifying new threats and devising new solutions and features across retail, enterprise and mobile segments.

Intense competition from global and domestic anti-virus solution providers

The market for security software solutions is intensely competitive and characterised by rapid changes in technology, user requirements, industry standards and frequent new product introductions and improvements.

We compete with companies that offer a broad array of IT security solutions. We face competition from both international and Indian companies such as Symantec, Trend Micro, Kaspersky, McAfee, Sophos, Fortinet, Watchguard, Apps Daily, Syska and K7.

Large vendors of hardware or operating system software, such as Microsoft, Cisco Systems and International Business Machines Corp. (IBM), HP and Lenovo increasingly incorporate the system and network security functionality into their products, and enhance that functionality either through internal development or through strategic alliances or acquisitions. Some of our competitors are global companies that have larger technical and financial resources and the broad customer bases needed to bring competitive solutions to the market. Such companies may use these advantages to offer solutions that are perceived to be as effective as ours at a lower price or for free as part of a larger product package or solely in consideration for maintenance and services fees. They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, devices, platforms or client requirements.

Quick Heal is currently the market leader in the retail segment with more than 30% market share. In addition to metros, we also have strong presence in Tier I and Tier II cities. Compared to global players in India, we have much wider depth and distribution reach through our expansive partner network. Further our consistent marketing efforts, partner / retailer influence and promotional activities help us in converting and attracting new customers. Our superior customer support is our largest differentiator. We provide multi-lingual end user support in English, Hindi and several other major regional Indian languages, and multi-modal support to users through phone, email, SMS, online chat, support forum and remote access.

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

We rely significantly on our channel partners to sell and support our solutions. Our channel partners include service providers, system integrators, resellers and distributors. Our agreements with channel partners are non-exclusive, meaning our partners may offer customers software security products from other companies, including products that compete with our solutions. We may also work with certain channel partners without any legal agreement. Though we set minimum sales targets for our channel partners, we have limited control over the amount of software that our channel partners will eventually purchase from us or sell

MANAGEMENT DISCUSSION AND ANALYSIS

on our behalf. If our channel partners do not effectively market and sell our solutions, or choose to use greater efforts to market and sell their own solutions or the solutions of our competitors, our business operations will be adversely affected. Adverse changes in our channel partner network or relationships with channel partners could adversely affect the quantity and pricing of the solutions offered by us which may in turn materially and adversely affect our business prospects.

Quick Heal has strong brand recognition in the Indian IT security market which is evident from the fact that it leads the retail market with more than 30% market share. We have cumulative license installations of more than 24.5 million, with more than 7.3 million active licenses across 80 countries as on 31st March 2016. Our strong brand has helped us to extensively grow our partner network across India. Our sales team is closely involved in maximising product availability across the channel and providing technical / sales assistance. We provide on-going training (4 technical support centres) to channel partners for providing support services to end users. This helps us to ensure that our partners are able to effectively sell our products and remain loyal to our brand.

Exposure to counterparty credit risk in our operations

We rely significantly on our channel partners to sell and support our solutions and we expect that sales through our channel partners will continue to account for a significant percentage of our revenues. Weakness in the end user market could negatively affect the cash flow of our channel partners, or distributors and resellers, who could, in turn, delay making payments to us and impact our working capital. We typically offer our channel partners around 60 days of credit. Furthermore, a change in the credit quality at one of our channel partners or other counterparties can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us, which could directly or indirectly have a material adverse effect on our results of operations.

We maintain strict control on credit exposure to our channel partners. While our sales team continuously works with them to ensure faster sales turnaround, they also keep a close tab on collections from partner. Our overall partner network has also been growing, with revenue contribution from top 20 dealers reducing from 52% in FY15 to 45% in FY16. In case of dealers who are larger revenue contributors, we work on advances to keep our credit exposure within control.

Inability to protect our proprietary technology and intellectual property rights

We have not registered our corporate logo "Quick Heal" and hence we do not enjoy any statutory protection accorded to a registered trademark. We have made

trademarks applications for the registration of certain marks and words. However, there can be no assurance that our application will succeed. Grounds for refusal of registration may include the validity or scope of the application. If we are unable to obtain a registration, we may still continue to use the corporate logo but remain vulnerable to infringement. 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. For instance, patentability of computer software per se is not available in several jurisdictions, unless combined with hardware. While we have applied for registration of certain patents in India, none of them have been granted so far. Typically we do not obtain signed license agreements from customers who license products from us. In these cases, we include an electronic version of an end-user license in all of our electronically distributed software and a printed license with our products that are distributed in a box. Although this is common practice for software companies that sell off-the-shelf products to have licenses that are not signed by the licensee, certain legal authorities believe that such licenses may not be enforceable under the laws of many jurisdictions.

Proprietary technology used in our solutions is important to our success. We typically protect our intellectual property under patent, trademark, copyright and trade secret laws, and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offers only limited protection. For example, we have been granted four patents in the United States and have registered trademarks such as "Quick Heal", "Guardian", "Security Simplified", "Aapke PC mein kaun rehta hai, Virus ya Quick Heal" and "SurfCanister" 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.

HUMAN RESOURCES

As on 31st March 2016, we have 1,367 number of employees spread across R&D, Sales & Marketing, Administrative and other key verticals. We continue to nurture an experienced and qualified team of employees. We believe our position as a leading provider of security solutions for detecting, preventing and resolving advanced security threats represents a significant competitive advantage in attracting and retaining high-quality talent. Our personnel policies are also aimed towards recruiting qualified and talented individuals, facilitating their integration into our Company, providing a conducive work environment and promoting the development of their skills, including through in-house and external training programmes.

INFORMATION TECHNOLOGY

We, at Quick Heal, follow best practices while delivering services as part of the IT department. Our delivery mechanism is based on three core components – Technology, Process and People.

Technology: We evaluate and implement different tools and techniques within our organisation that enhances service delivery and work culture within our organisation. Also, we have established and maintain the Data Centre at our office where we have hosted our physical and virtual servers. We have DLP solutions in place for better data protection.

Processes: We have implemented multiple policies in line with ISO 27001 (ISMS – Information Security Management System) in order to follow and secure our organisation's information and information processing facilities. We are also ISO 20000 (IT Service Management) compliant. We send regular newsletters internally to educate users on different security aspects of IT. We actively manage our assets through asset management methodology.

People: We have individuals to use the latest softwares and policies in order to keep pace with our IT Delivery and Security.

We follow a risk assessment methodology to understand the critical success factors for our organisation. This may be related to back-up of data for critical servers to evaluate its effectiveness or DR drills for our critical servers. We also have a ticketing tool in place to monitor and track all requests and changes in the infrastructure of the organisation in a seamless way. We actively assist our R&D team in product testing by creating and simulating the environment required on a periodic basis.

FINANCIAL OVERVIEW

Revenue from Operations

Revenue from Operations grew by 18.2% from Rs. 2,861.2 Million in FY2015 to Rs. 3,380.7 Million in FY2016. Robust growth was displayed across all customer segments. Revenue from Retail, Enterprise & Government and Mobile segments accounted for 85.1%, 13.3% and 1.6% of total revenues, respectively in FY16, displaying growth of 16%, 21% and 397%, respectively. Number of licenses sold grew by 22% to 6.86 million in FY2016. Licenses sold to Retail, Enterprise & Government and Mobile segments were 5.76 million, 0.92 million and 0.18 million, respectively in FY2016, displaying growth of 18%, 34% and 225%, respectively.

Operating Expenses

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

Employee benefits expenses

The Company's Employee benefit expenses grew to Rs 864.15 Million in FY 2016 from Rs 641.08 Million in FY2015, an increase of 34.8%. During the year, the Company strengthened its R&D department, and was involved in developing several cutting edge products. The increase in Employee benefit expenses is largely on account of this increase in development cost.

Technology Subscription Charges

Technology Subscription Charges grew to Rs. 59.55 Million in FY 2016 from Rs. 37.23 Million in FY 2015, an increase of 60.0%. The Company uses such technology acquisition for its R&D department. As the focus has been on developing new products and improving existing products, the Technology Subscription Charges have increased in tandem with these needs: on account of additional testing fees incurred for testing new products as well as existing products with new features, and for using technology licensed from third parties for new products. These expenses are charged off, despite being utilised in development.

Power and Fuel

The Company had capitalised new offices in FY 2016, relative to FY 2015. New infrastructure and additional requirements for the increased development force, has led to Power and Fuel expenses growing to Rs 33.32 Million in FY 2016 from Rs. 19.62 Million in FY 2015.

Insurance

The Company's had increased insurance coverage on many fronts, to address:

1. Risk management, to cover higher amounts of liability risk, such as D&O, E&O and other liability insurances.
2. Increased asset base in the form of new physical assets, as offices.
3. Ramping up of our Mobile Security business, the insurance cost of which is reflected in this line item. This was almost Nil in the year prior.

Thus the insurance cost has increased to Rs. 12.44 Million in FY 2016 from Rs. 2.61 Million in FY 2015, an increase that is largely on account of the new cost which is related to Mobile Gadget Security operations and a new cost over the prior year.

Repairs and Maintenance

The Company's Repairs expenses for Building and Others grew to Rs. 27.01 Million in FY 2016 from Rs. 16.02 Million in FY 2015, an increase of 68.6%, on account of increase in office infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has considerably increased its physical assets, in the form of fully functional business offices, which serve its R&D and other staff. In addition, the Company also consolidated its operations from leased to owned premises. This incremental capitalisation has led to higher Repairs and Maintenance expenses, and in some cases this has been compensated by reduction in lease costs.

Business Promotion and Advertising & Sales Promotion Expenses

The Company undertakes direct Advertising and Sales Promotion and also drives promotion through expenses on the channel and along with channel partners.

These expenses grew to Rs. 448.93 Million in FY 2016 from Rs. 422.61 Million in FY 2015. While individual components may seem to have increased, the total of these two Promotion expenses put together has risen by 6.2%. This has been in sync with overall increase in business during the year over the prior year.

Travelling and Conveyance Expenses

The Travelling and Conveyance Expenses grew to Rs. 43.72 Million for FY 2016 from Rs. 36.33 Million in FY 2015, a growth of 20.3%. This increase has been on account of additional manpower recruited to strengthen its R&D and Sales force, as well as growth in business overall.

Communication Expenses / Office Expenses

Communication Expenses grew to Rs. 51.72 Million for FY 2016, from Rs. 30.09 Million in FY 2015, a growth of 71.9%.

Office Expenses grew to Rs. 55.33 Million for FY 2016, from Rs. 29.00 Million in FY 2015, a growth of 90.8%.

This increase has been on account of additional manpower recruited to strengthen its R&D and Sales force, growth in business overall, as well as the capitalising of infrastructure assets during FY 2016. These assets will add to business and are long tenure in nature and hence, support a much higher revenue capacity than earlier. This impact will be felt in future years.

Legal and Professional Fees

The Company's Legal and Professional Fees grew to Rs. 65.43 Million in FY 2016 from Rs. 24.80 Million in FY 2015, an increase of 163.8%.

These expenses cover multiple services, ranging from Legal to other Professional services. The increase of Rs. 40.62 Million was on account of the following reasons:

1. A large part of this cost (Rs. 33.66 Million), over the prior year was on account of manpower staffing charges for staff for new businesses, viz. promoters for Mobile selling infrastructure through Staffing specialists. This is operational in nature and part of the Mobile business.
2. In addition, additional legal costs were incurred on account of tax representations and appellate filings
3. The Company also conducted Risk and Financial Control reviews through professional firms, which were incremental in nature over prior years.

Provision for Doubtful Debts and Advances / Bad debts written off

During the year, the Provisions reduced to Rs. 3.36 Million from Rs. 15.14 Million in FY 2015, a reduction of 77.8%. This reflects improved credit control processes and strong recovery focus.

Similarly, Bad debts written off during the year reduced to Rs. 2.11 Million in FY 2016, from Rs. 3.00 in FY 2015, a reduction of 29.8%, on the same count.

Miscellaneous Expenses

During the year, the Miscellaneous Expenses grew to Rs. 15.76 Million from Rs. 11.66 Million in FY 2015. This represents an increase of 35.1%, at the consolidated level. These expenses were increased on a few heads in India operations, which are as follows:

1. Payment Gateway processing Charges _ grew to Rs. 4.25 Million from Rs. 3.36 Million in FY 2015, an increase of 26.3%
2. Printing, Stationary and Photocopying _ grew to Rs. 4.85 Million from Rs. 3.51 Million in FY 2015, an increase of 38.3%
3. Postage and Courier charges _ grew to Rs 2.59 Million from Rs 1.56 Million in FY 2015, an increase of 65.7%
4. Water Charges, which was Rs. 1.04 Million in FY 2016 as against Rs. Nil in FY 2015

Of these Payment Gateway Charges grew on account of increase of collections happening through Payment Gateway & increase in renewal revenues.

Printing and Stationary and Postage and Courier grew on account of additional manpower as well as increase in business.

Water charges in prior years (i.e. locations occupied earlier) were part of maintenance charges. As the Company has moved its Corporate and part of R&D offices to a new location, the Water Charges are separately metered and billed and are shown as a separate line item as compared to earlier locations. These expenses are in sync with the total number of people at the location.

Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

EBITDA (not counting other income, to focus on operating revenue and expenses only) grew by 11.6% from Rs. 918.0 Million in FY 2015 to Rs. 1,024.6 Million in FY 2016. EBITDA margin declined from 32.1% in FY 2015 to 30.3% in FY 2016. The decline in EBITDA margin was primarily due to higher operating expenses. The Company charges off all development expenses. These are towards developing new features or new products, and often there is a lead-lag between development and revenue creation, in the short-run. Hence, these expenses are not immediately revenue additive.

The R&D costs increased as the company continued investing in developing new security solutions for the enterprise and mobile security segments. The sales & distribution costs increased as the company invested in building and strengthening the distribution channel for enterprise and mobile segments. The general administration costs increased as the company moved into new office premises and also due to increase in overall workforce, a large part of which was towards R&D staff and their requirement.

Interest

The company does not have interest expense as it does not hold any debt on its balance sheet.

Depreciation

Depreciation expenses grew to Rs. 237.1 Million in FY 2016 from Rs. 202.0 Million in FY 2015. During the year the Company capitalised building and furniture for offices. These added capital expenses led to higher depreciation over the prior year. These office spaces represent a requirement for additional Recruitment of human resource and growth.

Profit after Tax

Profit after tax increased by 8.5% to Rs. 584.0 Million in FY 2016 from Rs. 538.0 Million in FY 2015 Profit after tax margins were at 17.3% in FY 2016 from 18.8% in FY 2015.

Equity

Total shareholders' funds increased from Rs 3,314.4 Million in FY2015 to Rs 6,069.3 Million in FY2016. This increase was primarily on account of addition on account of net IPO proceeds of Rs 2,380 Million and profit after tax of Rs 584 Million, less declared dividend of Rs 175.1 Million for FY2016 (excluding dividend tax of Rs 35.6 Million).

INTERNAL CONTROL & SYSTEMS

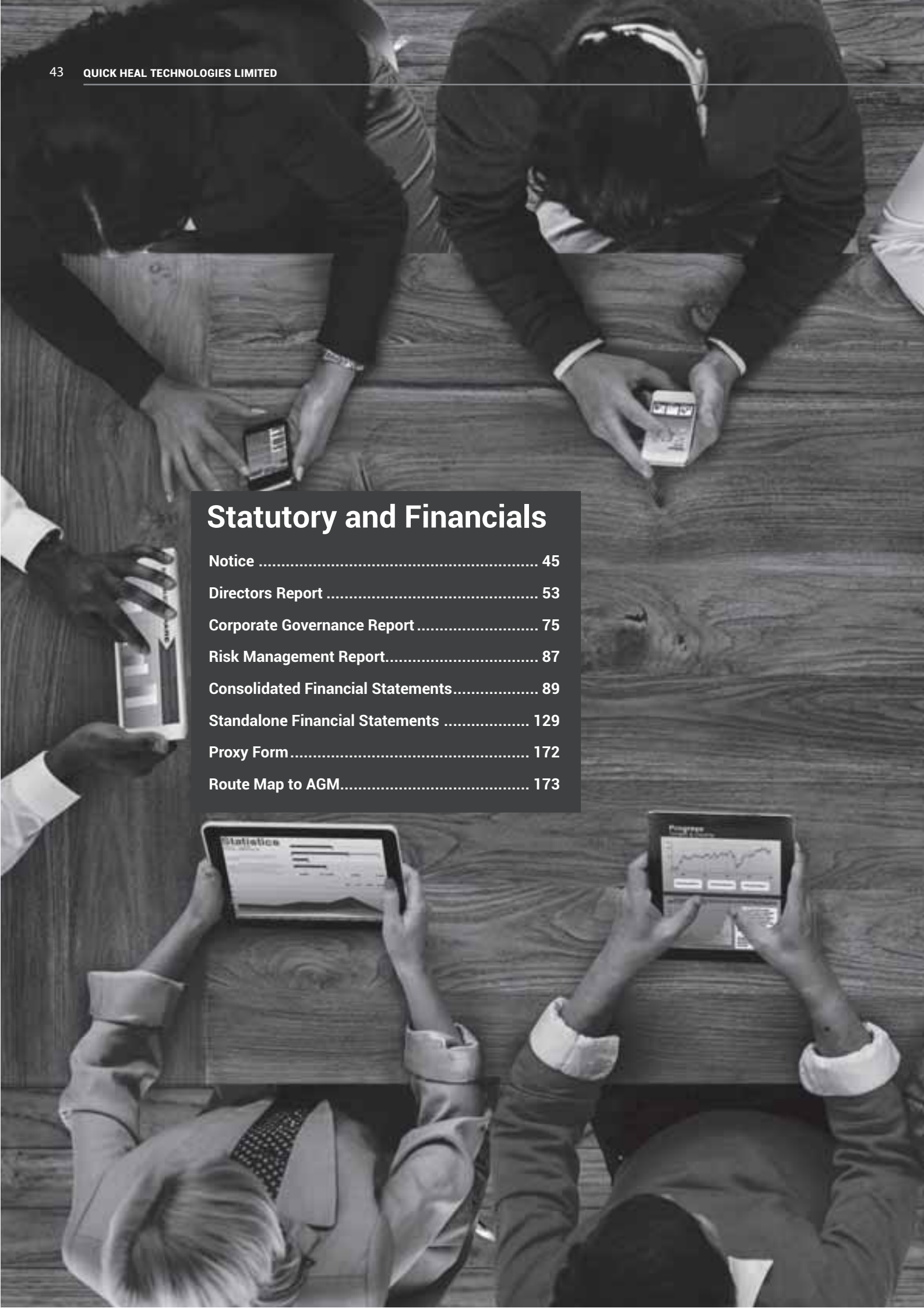
The internal control systems of the Company are adequate considering the nature of its business, size and complexity. The Statutory Auditors as well as Internal Auditors of the Company review the same on periodical basis. Further, significant observations, if any, and action taken reports on the same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

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Quick Heal Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Quick Heal Technologies Limited's Annual Report, FY2016.

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of Quick Heal Technologies Limited will be held on Friday, 5th August 2016 at 11:00 a.m. at Pandit Jawaharlal Nehru Sanskrutik Bhavan, 1187/21, Ghole Road, Opposite Mahatma Phule Museum, Shivajinagar, Pune, Maharashtra 411005, to transact the following business

Ordinary Business

1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended 31st March 2016 together with the Reports of Directors and Auditors thereon.
2. To confirm Final Dividend on Equity Shares for the financial year 2015-16.
3. To appoint a director in place of Mr. Shailesh Lakhani (DIN: 03567739) who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Sanjay Katkar (DIN: 00397277) who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, as amended from time to time, the appointment of M/s. SRBC & Co LLP (Firm Registration No. 324982E), Chartered Accountants approved in the 19th Annual General Meeting until the conclusion of the 24th Annual General Meeting to be held in the calendar year 2019 be and is hereby ratified in this Annual General Meeting till the conclusion of next Annual General Meeting, as Auditors, on a remuneration plus reimbursement of out-of-pocket expenses, as may be mutually agreed between the Chairman of the Board, Chairman of the Audit Committee and the Auditors."

SPECIAL BUSINESS

6. 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 Section 188 (1) (f) and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mrs. Anupama Katkar, who is relative of Mr. Kailash Katkar, Managing Director & CEO of the Company, to hold an office or place of profit in the Company with effect from 1st May 2016 on such Terms and conditions and on such remuneration, including all perquisites and benefits as per Company's rules, as may be decided by the Nomination & Remuneration Committee of Board of Directors, provided that the aggregate remuneration payable to Mrs. Anupama Katkar shall not exceed ₹400,000/- (Rupees Four lakh) per month subject to the approval of the members."

FURTHER RESOLVED THAT Mr. Kailash Katkar (DIN: 00397191), Managing Director & CEO or Mr. Sanjay Katkar (DIN: 00397277), Managing Director & CTO or Mr. Abhijit Jorvekar (DIN: 05199551), Executive Director be and is/are hereby singly authorized to take necessary steps and action as they may think expedient and to do all such acts, deeds and things necessary in this regard to give effect to this resolution."

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

RESOLVED THAT, M/s Bhavesh Marolia & Associates, Practitioner Cost accountant, be and are hereby appointed as Cost Auditors of the Company for the Financial Year 2016-2017 on the remuneration of ₹45,000/- (Fourty Five Thousand) plus applicable Government Taxes plus traveling and out of pocket expenses at actuals.

RESOLVED FURTHER THAT Mr. Kailash Katkar (DIN: 00397191), Managing Director & CEO or Mr. Sanjay Katkar (DIN: 00397277), Managing Director & CTO be and are hereby singly authorized to complete the formalities and to do all such acts, matters, deeds, things and to sign including in electronic form, paper, application etc. as may be required in the matter.

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

"RESOLVED THAT in accordance with the provisions of the Companies Act, 2013 and in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, the existing Employees Stock Option Scheme (ESOP) 2010 of the Company be and is hereby placed before the meeting and initiated by the Chairman for identification.

"RESOLVED THAT pursuant to the Applicable Laws, approval of the members of the Company be and is hereby accorded to grant the stock options under ESOP Scheme 2010 to the present and future, permanent employees of the holding and subsidiary company(ies) and their director(s) whether whole time director or not but excluding independent directors, if any, from time to time, on such terms and conditions as may be decided by the Board which term shall be deemed to include any Committee, which the Board has constituted to exercise its powers.

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

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

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

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

RESOLVED FURTHER THAT Mr. Kailash Katkar, Managing Director & CEO or Mr. Sanjay Katkar,

Managing Director & CTO of the Company be and hereby are singly authorised to decide on the price per stock option and has a right to decide on variation in stock option price.

RESOLVED FURTHER THAT Mr. Kailash Katkar, Managing Director & CEO or Mr. Sanjay Katkar, Managing Director & CTO of the Company be and hereby are singly authorised to do all such acts, deeds and things necessary in this regard to give effect to the above resolution, to issue the stock options and to do all such acts in this regard.

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

"RESOLVED THAT in accordance with the provisions of the Companies Act, 2013 and in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, the existing Employees Stock Option Scheme (ESOP) 2014 of the Company be and are hereby placed before the meeting and initialled by the Chairman for identification.

"RESOLVED THAT pursuant to the Applicable Laws, approval of the members of the Company be and is hereby accorded to grant the stock options under ESOP Scheme 2014 to the present and future, permanent employees of the holding and subsidiary company(ies) and their director(s) whether whole time director or not but excluding independent directors, if any, from time to time, on such terms and conditions as may be decided by the Board which term shall be deemed to include any Committee, which the Board has constituted to exercise its powers.

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

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

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in

the same proportion as the present face value of ₹ 10/- per equity share bears to the revised face value of the equity shares of the Company after such subdivision or consolidation, without affecting any other rights or obligations of the said allottees.

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

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

RESOLVED FURTHER THAT Mr. Kailash Katkar, Managing Director & CEO or Mr. Sanjay Katkar, Managing Director & CTO of the Company be and hereby are singly authorised to do all such acts, deeds and things necessary in this regard to give effect to the above resolution, to issue the stock options and to do all such acts in this regard.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar

(DIN: 00397191)

Managing Director & CEO

Pune, 11th May 2016

NOTES

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted at the 21st Annual General Meeting (the 'Meeting') is annexed hereto.
2. Pursuant to SS_2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue showing the prominent landmarks is given elsewhere in this Notice. Further, the Company has uploaded the above route map on its website at <http://www.quickheal.com/investors>.
3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY

FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.
5. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. Members/Proxies are requested to bring duly filled attendance slips to be deposited with the Company officials at the venue of the meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Company has notified closure of the Register of Members and Share Transfer Books from Monday, 25th July 2016, to Wednesday, 28th July 2016 (both days inclusive), for determining the names of Members eligible for the final dividend for the financial year ended 31st March 2016.
10. Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before Wednesday, 31st August 2016, to those Members whose name appears in the Register of Members during the abovementioned book closure period.
11. Members holding shares in electronic form may note that bank particulars registered against their respective demat accounts during the abovementioned book closure period will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited ("Link Intime") cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective Depository Participant of the Members.

12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Link Intime.
13. 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.
14. 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.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at an Annual General Meeting.
16. Information and other instructions relating to e-Voting are as follows
- a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services Limited (CDSL).
 - b. The facility for casting the vote through Ballot Paper will be made available at the Meeting and the Members attending the Meeting who have not casted their vote by means of remote e-Voting shall be able to cast their vote at the Meeting through Ballot paper
 - c. The Members who have casted their vote by remote e-Voting may also attend the Meeting but shall not be entitled to cast their vote again. In case any Member casts his / her vote through Ballot to be conducted at the Meeting in addition to remote e-Voting, his voting through remote e-Voting shall be considered as Final and vote casted through Ballot shall be considered as invalid.
 - d. Voting rights shall be reckoned on the number of shares registered in the name of the Member / Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, 29th July 2016.
 - e. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Friday, 29th July 2016 only shall be entitled to avail the facility of remote e-Voting / Ballot.
 - f. The remote e-voting period commences from 12:01 a.m. (IST) on Tuesday, 2nd August 2016 and ends on Thursday, 4th August 2016 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 29th July 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently
 - g. The process and manner for remote e-voting are as under:
 - (i) The voting period begins on 2nd August 2016 at 12.01 a.m. and ends on 4th August 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29th July 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non _ Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
17. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, brief profile of Directors eligible for re-appointment vide item no. 3 and 4 is as follows:

Particulars	Mr. Sanjay Sahebrao Katkar	Mr. Shailesh Lakhani
DIN	00397277	03567739
Date of Birth	29/11/1970	16/09/1978
Date of Appointment	17/08/1995	24/09/2015
Qualifications	Master's Degree in Computer Science	Master's degree in Business Administration from Harvard business School
Experience in specific functional areas	He has been associated with our Company since its incorporation and has experience in development of anti-virus software, technology and services.	He has worked at Red knee.
Directorship held in other listed entities	Nil	Nil
Membership/Chairmanship of Committees of listed entities (includes on Audit committee & Stakeholders Relationship Committee)	Nil	Nil
Number of Shares held in the Company	20511384	Nil
Relationship with any Director (s) of the Company	Mr. Kailash Sahebrao Katkar	Nil

18. Members desiring any information as regards to financial statements are requested to write to the Company at an early date so as to enable the management to keep the information ready.
19. Members who wish to claim dividends, which remain unclaimed, are requested to correspond to the Company at cs@quickheal.co.in or 'Company Secretary' at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund maintained by the Government of India.
20. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.
21. With a view to take "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, the Ministry of Corporate Affairs (the 'Ministry') has allowed companies to share documents with Members through electronic communication. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This is a golden opportunity for every Member to support the initiative of the Ministry. To support initiative of the Ministry and in view of Green Movement, the Company will henceforth propose to send documents to Members in electronic form, at the e-mail address provided by Members with their respective depositories. In case

copy of its Annual Report and quarterly results on the Company's website.

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

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

Item No. 6

As per the provisions of Section 188 (1) (f) and other applicable provisions of the Companies Act, 2013 read with the rules made there under re-appointment of Mrs. Anupama Katkar, who is relative of Mr. Kailash Katkar, Managing Director & CEO of the Company, is to be placed before the shareholders in general meeting and, the approval of the members is sought through the accompanying resolution.

Your Directors recommend the above Resolutions for your approval.

Other than Mr. Kailash Katkar and Mr. Sanjay Katkar, none of the other Directors of the company is/are in any way concerned or interested in the Resolution except to the extent of their shareholdings.

Item No. 7

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

As per the Captioned Rules, it is proposed to appoint Mr. Bhavesh Marolia, Practitioner Cost accountant, proprietor of M/s Bhavesh Marolia & Associates, as Cost Auditors for maintenance of cost records, examination and report to the company in respect of the products covered under the relevant chapter heading of the Central Excise Tariff Act 1985 as mentioned in the said Rules.

Your Directors recommend the above Resolutions for your approval.

None of the other Directors of the company is/are in any way concerned or interested in the Resolutions except to the extent of their shareholdings.

Item No. 8 - 9

In accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, the existing (pre-IPO) Employees Stock Option Scheme (ESOP) 2010 of the Company is to be placed before the shareholders in general meeting and, the approval of the members is sought through the accompanying special resolution.

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

The Company appreciates the critical role its people play in the organizational growth. It strongly feels that the value created by its people should be shared by them. To promote the culture of employee ownership in the company, approval of the shareholders is being sought for issue of stock options to the employees of the company. Scheme is administered by the Company through Board which includes Committee.

1. Total number of options to be granted:

Particulars	ESOP 2010	ESOP 2014
Total No of Options	14,80,000	8,00,000
Total No of Options Granted as on the date of notice	14,53,696	5,45,801
Balance No of Options as on the date of the notice	26,304	2,54,199

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

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

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

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

All present and future, permanent employees of the holding and subsidiary company(ies) and their director(s) whether whole time director or not but excluding independent directors, if any, from time to time but excluding the promoters of the Company, as may be decided by the Board from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

3. Transferability of employee stock options

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

4. Requirements of vesting and period of vesting:

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

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

5. Exercise Price:

The options would be granted at an exercise price equal to the fair market value of the Company's equity shares as on the date of grant as per SEBI Regulations.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

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

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

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

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

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

9. Disclosure and Accounting Policies:

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

10. Method of option valuation

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

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

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

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar
(DIN: 00397191)
Managing Director & CEO

Pune, 11th May 2016

DIRECTORS' REPORT

Dear Members,

The Directors of Quick Heal Technologies Limited are pleased to present the 21st Annual Report and the audited accounts for the financial year ended 31st March 2016.

1. Business Operations and Prospects

Your Company continues to be among the leading Software Security Solution Company and continues to retain its leadership position in the Indian Security Software Solution Industry. The Company has been growing at a substantial pace.

Your Company has recorded total income of ₹347.87 Cr in the current year as against ₹294.34 Cr in the previous financial year. The Company's exports have also shown commendable growth.

Your Company's continued investments in innovation and technology has enabled it to undertake a number of diverse projects and adapt to the ever changing needs of consumers.

2. New Branches

During the period under report, your Company has expanded its operations in Pune, through its office at Marvel Edge and also at its branch at Bangalore as Support Office.

3. Awards, Recognitions and Certifications during the Financial Year 2015-2016

Sr. No.	Award/Recognition/Certification	Company/Management/Solutions/ Features	Date of Award/Recognition/ Certification
CERTIFICATIONS			
1	PCSL Certification-Android Security Recommended 2015	QH Mobile Security App	December 2015
2	AV-TEST Corporate Endpoint Protection Certification	Seqrite EPS v16	February 2016. April & August 2015
3	AV-TEST Certification for Windows	QH Total Security for Windows v16	February 2016. April & August 2015
4	AV-TEST Certification for Android	QH Total Security for Android v2.01	March 2016. May, July September & November 2015
5	VB100 Certification	QH Antivirus for Server	March 2016
6	VB100 Certification	Seqrite Antivirus for Server	March 2016

AWARDS

Sr. No.	Award/Recognition/ Certification	Company/Management/Solutions/ Features	Date of Award/ Recognition/Certification
1	12 th Annual Info Security PG's 2016 Global Excellence Awards	1. Sanjay Katkar, Gold Winner- Product Development/ Management Executive of the Year. 2. Quick Heal Technologies Limited, Silver Winner- Security Products and Solution for Small Businesses and SOHO	February 2016
2	ICSA Labs-Excellence in Information Security Testing Award	Quick Heal Technologies Limited	February 2016

4. Financial Results

In Rupees		
Particulars	2015-2016	2014-2015
Revenue from operations(Net)	3,380,696,142	2,861,155,041
Other Income	98,042,769	82,216,138
Total Income	3,478,738,911	2,943,371,179
Total expenditure, excluding Depreciation and Tax	2,356,055,882	1,943,111,507
Depreciation and Amortization	237,111,239	202,003,527
Profit/ (Loss) before Tax	885,571,790	798,256,145
Less: Tax Expense		
Current Tax	324,712,208	269,444,239
Deferred Tax charge	(23,137,421)	(9,231,885)
Profit/ (Loss) After Tax	583,997,003	538,043,791

5. Transfer of Profits to Reserves

Your Company has transferred NIL amounts to General Reserve and the balance is proposed to be retained in the Profit & Loss Account.

6. Dividend

Board of Directors of the Company at their meeting held on 11th May, 2016 have recommended Final Dividend @ 25% i.e.2.50/- per equity share for the financial year 2015-2016, after considering the profits of the Company,

The payment of final dividend is subject to the confirmation by the shareholders.

7. Institutional Holding

As on 31st March 2016, the total institutional holding in your Company stood at 13.77% of the total paid up share capital.

8. Particulars required as per Section 134 of the Companies Act, 2013

As per Section 134 of the Companies Act, 2013, your Company has provided the Consolidated Financial Statements as on 31st March 2016. Your Directors believe that the consolidated financial statements presents more comprehensive picture as compared to standalone financial statements. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. A statement showing financial highlights of the subsidiary companies is attached to the consolidated financial statements.

The Annual Report of your Company, though does not contain full financial statements of the subsidiary companies, your Company will make available the audited annual accounts and related information of the subsidiary companies, upon request by any Member of your Company.

9. Consolidated financial statements

Consolidated financial statements of your Company and its subsidiaries as at 31st March 2016 are prepared in accordance with the Accounting Standard 21 (AS - 21) on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, and form part of this Annual Report.

10. Particulars of Employees Remuneration

In terms of the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure A of the Directors' Report.

11. Employee Stock Option Scheme

Your Company has two stock option plans for its employees i.e. Employees Stock Option Scheme 2010 and Employees Stock Option Scheme 2014 for granting Term based and performance based Stock Options to Employees.

During the year under report, no employee has been granted stock options, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company.

The details of activities under the scheme have been summarized in the Notes forming part of Financial Statements and annexed as Annexure B.

12. Fixed Deposits

The Company has not accepted any fixed deposit during the year under review.

13. Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. J B Bhavé & Co. Practising Company Secretaries as the Secretarial Auditors of the Company for the financial year 2015-16.

Accordingly, the Secretarial Auditors have given their report, which is annexed hereto as Annexure C. The comments of the Board on the observations of the Secretarial Auditors are given after Annexure C above.

The Board has re-appointed M/s. J B Bhavé & Co., Practising Company Secretaries as the Secretarial Auditors of the Company for the financial year 2016-17.

14. Board Meetings

During the financial year 2015-16, 9 (Nine) Board meetings were held on 08th April, 2015, 24th April, 2015, 27th July, 2015, 17th August, 2015, 21st August, 2015, 4th September, 2015, 24th September, 2015,

3rd November, 2015 & 4th January, 2016. The maximum time gap between any two meetings did not exceed one hundred twenty days.

15. Directors

- Mr. Shailesh Lakhani (DIN: 03567739) who retires by rotation and, being eligible, offers himself for re-appointment.
- Mr. Sanjay Katkar (DIN: 00397277) who retires by rotation and, being eligible, offers himself for re-appointment.

In terms of the LODR, 2015, the Company conducts the Familiarisation Program for Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the company operates, business model of the company, etc., through various initiatives. The details of the same can be found at: <http://www.quickheal.com/investors>

16. Committees of the Board

During the year under report, the Board of Directors of your Company reconstituted the Committees of the Board. The details of the powers, functions, composition and meetings of the Committees of the Board held during the year are given in the Report on Corporate Governance section forming part of this Annual Report. Your Company has constituted following committees of the Board as under:

S. No	Committee	Chairperson	Member	Member
1	*Audit Committee	Sunil Sethy	Kailash Katkar	Apurva Joshi
2	Nomination and Remuneration Committee	Mehul Savla	Sunil Sethy	Apurva Joshi
3	Stakeholders Relationship Committee	P V Bhide	Mehul Savla	Kailash Katkar
4	CSR Committee	Apurva Joshi	Kailash Katkar	Sanjay Katkar

* Audit Committee performs the functions of Risk Management Committee.

17. Declaration of Independence by Independent Director

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

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

The ratification of appointment of Statutory Auditors is subject to the approval of the Members of the Company.

18. Statutory Auditors

The Members of the Company at the Annual General Meeting of the Company held on 24th September 2015 have ratified the appointment of M/s SRBC & CO LLP, (Firm Registration No. 324982E), Chartered Accountants as the Statutory Auditors of the Company to hold such office till the conclusion of the 24th Annual General Meeting to be held in the calendar year 2019.

Your Directors propose ratification of appointment of M/s SRBC & CO LLP as the Statutory Auditors of your Company.

19. Cost Auditors

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

As per the Captioned Rules, Mr. Bhavesh Marolia, Practitioner Cost accountant, proprietor of M/s Bhavesh Marolia & Associates, was appointed as the Cost Auditors for the Financial Year 2016-2017 in the Board Meeting held on 11th May 2016, at the remuneration of ₹45,000/-. Subject to approval of members.

20. Internal Auditor

Your Company has received an eligibility and willingness letter from M/s Pipalia Singhal & Associates, Chartered Accountants (Firm Registration No.114665W) to conduct internal audit of the Company. Your Directors in their meeting held on 11th May 2016 have appointed M/s Pipalia Singhal & Associates, Chartered Accountants (Firm Registration No.114665W) as an Internal Auditor for the period of two financial years i.e. 2016-17 & 2017-18.

21. Corporate governance

A separate section on Corporate Governance with a detailed compliance report as stipulated under the LODR, 2015 and any other applicable law for the time being in force forms an integral part of this Report.

22. Management discussion and analysis

Report on Management Discussion and Analysis as stipulated under the Listing Agreement and any other applicable law for the time being in force based on audited, consolidated financial statements for the financial year 2015-16 forms part of this Annual Report.

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

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

- **Energy Conservation**

The operations of the Company involve low energy consumption. Adequate measures have been taken to conserve energy.

24. Subsidiaries

The details of the subsidiaries of your Company as on 31st March 2016 are as under:

Name of the Subsidiary	Date of Registration	Investment in Equity Capital	
		As on 31 st March 2016	As on 31 st March 2015
Quick Heal Technologies Africa Limited	2 nd December 2011	KES 17,800,000	KES 17,800,000
Quick Heal Technologies America, Inc	2 nd January 2012	USD 1,30,000	USD 30,000
Quick Heal Technologies Japan KK	2 nd April 2012	JPY 90,350,000	JPY 42,600,000
Quick Heal Technologies (MENA) FZE	25 th December 2013	AED 28,00,000	AED 28,00,000

- **Technology Absorption, Adaptation and Innovation**

The Company continues to use the latest technologies for improving the productivity and quality of its products and services. The Company aims to inspire consumers around the world with innovation through its unique technology. The Company continues to give utmost importance to R & D. The Company focuses on developing existing technologies and product engineering innovation. With Solution Architecture choices available through such new innovative approaches we continue to address current as well as future business needs of our customers and potential markets. R & D activities includes studying/analyzing end users demands and changing needs and designing/ developing products suitable for Indian customers as well as same for Export market. In the coming years, the Company will invest in R & D in several software, technologies and systems.

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

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

- **Foreign Exchange earnings and outgo**

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

Particulars	in Rupees	
	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Total Foreign Exchange Expenditure	87,355,410	69,742,515
Total Foreign Exchange Earnings	58,983,286	49,093,058

Financial Results

Name of the Subsidiary	Total Income		Profit / Loss Before Tax		Profit / Loss After Tax	
	Mar 16	Mar 15	Mar 16	Mar 15	Mar 16	Mar 15
Quick Heal Technologies Africa Limited Amt in KES	33,780,282	19,227,545	(4,060,881)	(9,309,948)	(2,855,319)	(6,624,841)
Quick Heal Technologies America, Inc Amt in USD	48,428	29,582	(4,09,279)	(55,483)	(4,11,173)	(56,381)
Quick Heal Technologies Japan KK Amt in Yen	67,294,793	36,114,904	(25,481,631)	(21,033,096)	(25,661,631)	(21,213,096)
Quick Heal Technologies (MENA) FZE Amt in AED	619,504	524,101	(1,08,539)	(91,799)	(1,08,539)	(91,799)

25. Particulars of Loans given, Guarantees given and Investments made

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

26. Related Party Transactions

Related party transactions that were entered during the financial year were on an arm's length basis and were in the 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.

Transactions with related parties entered by the Company in the normal course of business are approved by the Board of Directors held on 11th May 2016. The particulars of contracts entered during the year as per Form AOC-2 is enclosed as Annexure-D.

27. Corporate Social Responsibility (CSR)

- CSR activities undertaken by the company reflect the core values and achievements of how Quick Heal does business as an employer, a software provider and a corporate citizen – a necessity that demands that Quick Heal be trustworthy, an ethical business partner that customers can count on.
- To institutionalise the CSR initiative of your Company, your Company formed a Public Charitable Trust by the name 'Quick Heal Foundation' on 20th August 2014.
- Your Company will select one or more of the CSR activities as per Schedule VII of the Companies Act, 2013 for implementation in the area of its operation.
- The Board of Directors of your Company has constituted the CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters

and observes them for effective discharge of the social responsibility of your Company. The Board of Directors of your Company has further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company.

- During the year under review, the Company has donated ₹106,40,000/- on CSR activities, out of the total amount of ₹199,96,326/- mandated as per law.
- Your Company was in the process of further identifying worthwhile avenues for CSR expenditure during the year and in its absence, there was unspent of ₹93,56,326/-. The Company is committed to CSR activities and shall strive to spend the amount as provided in law.
- Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2015-16 is given as Annexure E.

28. Adequacy of Internal Financial Controls

The Board is responsible for establishing and maintaining adequate internal financial control as per section 134 of the Companies Act, 2013.

The Board has laid down policies and processes in respect of internal financial controls and such internal financial controls were adequate and were operating effectively. The internal financial controls covered the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business including adherence to the Company's policies, safeguarding of the assets of the Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information

29. Vigil Mechanism (Whistle Blower Policy)

The details of the vigil mechanism (whistle blower policy) are given in the Report on Corporate Governance forming part of this Annual Report. The Company has uploaded the policy on its website at <http://www.quickheal.com/investors/whistle-blower-policy>

30. Risk Management Policy

Report on Risk Management based on the risk management policy developed and implemented at the Company for the financial year 2015-16 forms part of this Annual Report.

31. Performance Evaluation of the Board, its Committees and Directors

Your Company conducted the annual performance evaluation of the Board, its various Committees and the Directors individually. This was conducted as per the Performance Evaluation Policy of Board and KMP.

32. Listing with the stock exchanges

The Equity Shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) since 18th February 2016.

Listing fees for 2015-16 have been paid to both BSE and NSE.

33. Other matters

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under report:

- i. Neither the Managing Director nor the Whole-time Director of the Company receive 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.

34. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

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

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

35. Audit Observations :

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

37 Extract of Annual Return :

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

38 Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

During the year under review, there were no cases reported to such Committee(s).

39 Material Events occurred after balance sheet date

There were no material changes and commitments affecting the financial position between the end of the financial year and the date of this report.

40 Acknowledgments

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

For and on the behalf of the Board of Directors

Kailash Katkar
(DIN: 00397191)
Managing Director & CTO

Sanjay Katkar
(DIN: 00397277)
Managing Director & CTO

Pune, 11th May 2016

Annexure 1

Annual Compliance with the Code of Conduct for the Financial Year 2015-2016

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended 31st March 2016 from all the Board Members and Senior Management Personnel.

For and on the behalf of the Board of Directors

Kailash Katkar

(DIN: 00397191)

Managing Director & CEO

Pune, 11th May 2016

Annexure A

A. Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company as per CTC are as follows:

S. No.	Name of Director / KMP & Designation	Remuneration of Director / KMP for the FY 2015-16 (₹ million)	% increase in Remuneration in the FY 2015-16	Ratio of Remuneration of each Director to the Median remuneration of Employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Kailash Katkar, MD & Chief Executive Officer	12.94	17.42 %	31.04	The growth in revenue was 18.15% and increase in profit after tax was 8.54% during financial year 2015-16
2	Sanjay Katkar, MD & Chief Technical Officer	12.94	17.42 %	31.04	
3	Abhijit Jorvekar, Executive Director	9.14	11.49 %	21.93	
4	Shailesh Lakhani Non Executive Director	Nil	Nil	Nil	
5	Mehul Savla Independent Director	0.25	Nil	0.60	
6	P V Bhide Independent Director	0.50	Nil	1.20	
7	Sunil Sethy Independent Director	0.60	Nil	1.20	
8	Ms Apurva Joshi Independent Director	0.25	Nil	0.60	
9	Rajesh Ghonasgi, Chief Finance Officer	11.07	5.35 %	Not Applicable	
10	Vijay Shirode, Company Secretary	1.09	14.66 %	Not Applicable	

2. The median remuneration of employees of the company during financial year 2015-16 was ₹416,818.
3. In the financial year 2015-16, there was an increase of 20.24% in the median remuneration of the employees as compared to that of 2014-15.
4. As on 31st March 2016 there were 1367 permanent employees who were on rolls of the company.
5. Relationship between average salary increase in remuneration & company's performance: The Profit After Tax (PAT) for the financial year ended 31st March 2016 increased by 8.54% whereas the median remuneration increased by 20.24% which was in line with Company performance.
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 13.10 % from ₹42.00 Million in 2014-15 to ₹47.51 Million in 2015-16, whereas Profit After Tax increased by 8.54% from ₹538,043,791/- in 2014-15 to ₹583,997,003/- in 2015-16.
7. The average percentage increase in salaries of employees excluding Key Managerial Personnel(s) was 13 % over the previous year. The average increase in salaries of Key Managerial Personnel(s) was 13.10 %. The increase in KMP remuneration was based on the recommendations of the ' Nomination & Remuneration Committee' to revise the remuneration as per the industry benchmark.
8. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.
9. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year _ Not Applicable.
10. It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees..

B. Details of the employees who were employed through the financial year and received a remuneration of ₹6 Million or above p.a. OR the employees who were employed for a part of the financial year and received remuneration of ₹0.5 Million p.m. under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	Designation	Qualification	Age (Yrs)	Joining Date	Experience (Yrs)	Nature of Employment	*Total Remuneration (in Rs. Million)	Previous Employment	Relationship with any Director of the Company
Kailash Katkar	Managing Director & CEO	Matriculate	48	17 th August 1995	29	Permanent	11.44	Promoter	Brother of Mr. Sanjay Katkar
Sanjay Katkar	Managing Director & CTO	Master in Computer Science	44	17 th August 1995	20	Permanent	11.44	Promoter	Brother of Mr. Kailash Katkar
Abhijit Jorvekar	Executive Director	BE (Electronics), MBA (Marketing & IT)	41	26 th December 2002	17	Permanent	11.92	Modular Infotech Pvt. Ltd.	No
Rajesh Ghonasgi	Chief Financial Officer	B.Com; FCA; ACS.	53	2 nd September 2013	28	Permanent	14.78	Komli Media	No

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

Annexure B

ESOP Details as on 31st March 2016

Particulars	Details	
	ESOP 2010	ESOP 2014
Options granted	Total options granted until date: 1,662,800 Options granted during fiscal 2016: Nil Options granted during fiscal 2015: 122,000 Options granted during fiscal 2014: 104,000	Total options granted until date: 579,900 Options granted during fiscal 2016: 210,000 Options granted during fiscal 2015: 369,900 Options granted during fiscal 2014: Nil
Pricing formula	discounted cash flow method	
Exercise price of options	₹ 37.50 to ₹ 110.00	₹ 110.00 to ₹ 119.00
Total number of options vested	1,365,596	85,126
Total number of options exercised	1,107,703	64,476
Total number of Equity Shares that would arise as a result of full exercise of options already granted	1,453,696	545,801
Options forfeited/lapsed/cancelled	209,104	34,099
Variation in terms of options	Nil	Nil
Money realised by exercise of options	Nil	Nil
Options outstanding (in force)	345,993	481,325
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	Nil
(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 a pre-Issue basis on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'		₹9.36
Difference between employee compensation cost using the intrinsic 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		Difference: [₹ 2,870,470] Impact on profit: [₹ 2,870,470] Impact on EPS (basic): 0.04 Impact on EPS (diluted): 0.05
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: ₹69.91	Weighted average exercise price: ₹112.16 Weighted average fair value: 27.13
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: 7.67%; ii. Expected life: Grant I : 5.87 - 7.35 Grant II : 4.53 - 6.50 Grant III : 3.95 - 6.50 Grant IV : 3.95 - 6.50 Grant V : 3.64 - 6.50 Grant VI : 3.50 - 6.50 Grant VII : 3.50 - 6.50 Grant VIII : 3.50 - 6.50 Grant IX : 3.50 - 6.50 iii. Expected volatility: 0% iv. Expected dividends: 6.41% v. Price of underlying share in market at the time of grant of option: NA	

Particulars	Details	
	ESOP 2010	ESOP 2014
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 three years	Fiscal 2016: 2,061,639 Fiscal 2015: 12,75,168 Fiscal 2014: 95,285	
Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	Nil	Nil
Intention to sell equity shares arising out of the exercise of shares granted under ESOP 2010 & ESOP 2014 within three months after the listing of equity shares by directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	NA	NA

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

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding*
Abhijit Jorvekar	163,600	156,100	156,100	-	7,500
Rajesh Ghonasgi	104,000	52,000	26,000	-	52,000
Deepak Kalera	12,000	3,000	3,000	-	9,000
Abhijit Kulkarni	115,200	109,440	103,000	5,760	6,440
Basant Sekhani	103,200	103,200	3,424	-	99,776
Ranjeet Menon	100,800	93,240	93,240	7,560	
Total	598,800	490,980	384,764	13,320	200,716

* Options are vested based on the performance of the employee

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

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding*
Vivek Tuljapurkar	15,000	-	-	-	15,000
Vijay Shirode	3,500	-	-	-	3,500
Abhijit Kulkarni	8,000	2,000	-	-	8,000
Basant Sekhani	8,000	2,000	-	-	8,000
Ranjeet Menon	5,000	1,250	1,250	-	3,750
Total	39,500	5,250	1,250	-	38,250

* Options are vested based on the performance of the employee

Annexure C

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Secretarial Audit was conducted for the year from 1st April 2015 to 31st March 2016, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016("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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the Audit Period]**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the Audit Period]**
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable during the Audit Period]**
- (vi) OTHER APPLICABLE LAWS:
 - a) The Minimum Wages Act, 1948,
 - b) Employees' State Insurance Act, 1948,
 - c) Provident Fund Act 1952 & Employees' Pension Scheme 1995,
 - d) The Payment of Bonus Act, 1965,
 - e) Payment of Gratuity Act, 1972,
 - f) The Maternity Benefit Act 1961
 - g) Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013
 - h) Child Labour (Prohibition and Regulation) Act, 1986
 - i) Contract Labour (Regulation and Abolition) Act, 1970
 - j) Employee's Compensation Act, 1923

- k) Equal Remuneration Act, 1976
- l) Trade Marks & Merchandise Marks Act 1958
- m) The Patents Act, 1970
- n) Indian Copyright Act, 1957
- o) Competition Act, 2002
- p) The Information Technology Act, 2000

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

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

We observed that, there is a delay in reporting of foreign inward remittances and filing of form FC-GPR in respect of the shares allotted to non- resident shareholders as required under the FDI Regulations of FEMA 1999, which was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). We have been informed that the Company is in process of filing the said form FC-GPR with AD as on the date of this Certificate. Our opinion is not qualified in respect of this matter.

We 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.

We 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.

We further report that during the audit period

- (i) The Company has allotted following Equity Shares in accordance with ESOP Scheme 2010 and ESOP Scheme 2014:

Date of Allotment	No. of Equity Shares Allotted	At Par/ At Premium
23/12/2015	10,51,203	At premium of ₹27.5 per share
23/12/2015	26,000	At premium of ₹86.25 per share
23/12/2015	92,888	At premium of ₹100 per share
28/12/2015	2,088	At premium of ₹100 per share

- (ii) The Company has made an Initial Public Offer (IPO) of fresh issue of 77,88,161 Equity Shares and has acquired the status of Listed Entity with effect from 18th February 2016.

- (iii) The status of the Company has changed from Private to Public Company from 8th September 2015.

FOR J B BHAVE & CO.

COMPANY SECRETARIES

JAYAVANT BHAVE

PROPRIETOR
FCS No. 4266
CP No. 3068

Place :Pune
Date : 11th May 2016

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE I' and forms an integral part of this report.

Annexure I

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we 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. Our 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.

FOR J B BHAVE & CO.
COMPANY SECRETARIES

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

Place: Pune
Date: 11th May 2016

Comments of the Board of Directors on the observations pointed out in the Secretarial Audit Report are as follows:

Sr. No.	Observations by Secretarial Auditors	Comments by the Board of Directors
1	Delay in reporting of the shares allotted to non- resident shareholders in the Form FC _ GPR as required under the FDI Regulations of FEMA 1999.	There is an un-intentional delay and this was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). The said Form FC _ GPR has been submitted for filing by the Company to AD.

Annexure D

FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil

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

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

Contract 1

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

Contract 2

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

Contract 3

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

Contract 4

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

Contract 5

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

Annexure E

CORPORATE SOCIAL RESPONSIBILITY

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

Sr. No.	Particulars	Details
1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken	The CSR Committee decided to spend amount as per Schedule VII activities of Companies Act, 2013.
2	The Composition of the CSR Committee	Members of CSR Committee are: <ul style="list-style-type: none"> ● Ms. Apurva Joshi, Chairperson ● Mr. Sanjay Katkar, Member ● Mr. Kailash Katkar, Member
3	Average net profit of the company for last three financial years	99,98,16,279
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	199,96,326
5	Details of CSR spent during the financial year 2015-16	
a)	Total amount to be spent for the financial year 2015-16	199,96,326
b)	Amount un spent , if any	93,56,326

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which project is covered	Projects or programs a) Local area or other b) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on projects or programs 1. Direct on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
3	Education, Social Activity & Administrative Overheads	Cyber Awarness, Environmental sustainability	Maharashtra	129,63,000	106,40,000	106,40,000	Through Quick Heal Foundation
Total				129,63,000	106,40,000	106,40,000	

Annexure F

EXTRACT OF ANNUAL RETURN

FORM MGT 9

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

Financial Year ended on 31st March 2016

I. Registration & Other Details

i)	CIN	U72200MH1995PLC091408
ii)	Registration Date	7 th August 1995
iii)	Name of the Company	Quick Heal Technologies Limited
iv)	Category of the Company	Company having Share Capital
v)	Sub-category of the Company	Indian Non-Government Company
vi)	Address of the Registered office & contact details	Marvel Edge, Office No. 7010 C & D, 7 th Floor, Vimannagar, Pune 411014 Phone: 020 66813232
vii)	Whether listed company	Yes
viii)	Name, Address & contact details of the Registrar & Transfer Agent, if any	Link Intime India Pvt Ltd C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai - 400078 Phone : 022 - 2594 6970

II. Principal business activities of the Company:

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

Sr. No.	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Sale of Internet Security Products and Software Support Services	892	100%

III. Particulars of Holding , Subsidiary & Associate companies:

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of share held	Applicable Section
1	Quick Heal Technologies Japan KK 10F Sankyo Building No.5, 1-2-8 Shinkawa Chuo-Ku, Tokyo, Japan, Chuo-ku, Tokyo	0110-01-073118	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
2	Quick Heal Technologies (MENA) FZE PO Box No. 17214, RAS AI Khaimeah Free Zone, UAE	RAKFTZA- FZE-4012669	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
3	Quick Heal Technologies Africa Ltd P. O. Box 80404, Plot No. 56, Section XXV, 1 st Floor, Kaderbhoy Building, Nkrumah Road, Mombasa	CPR/2011/62135	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
4	Quick Heal Technologies America Inc 1 Courthouse Lane, Unit 7 Chelmsford MA 01824	101019922	Subsidiary	100%	Section 2(87) of The Companies Act, 2013

IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
1	Indian	54,710,720	-	54,710,720	89.59	51,030,720	-	51,030,720	72.87	-
a.	Individual / HUF	-	-	-	-	-	-	-	-	-
b.	Central Govt.	-	-	-	-	-	-	-	-	-
c.	State Govt.(s)	-	-	-	-	-	-	-	-	-
d.	Bodies Corporate	-	-	-	-	-	-	-	-	-
e.	Banks / FIs	-	-	-	-	-	-	-	-	-
f. Any other: Relatives of Promoters										
Sub-total (A)(1)		54,710,720	-	54,710,720	89.59	51,030,720	-	51,030,720	72.87	-
2 Foreign										
a.	NRI Individuals	-	-	-	-	-	-	-	-	-
b.	Other Individuals	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	-	-	-	-	-	-	-	-	-
d.	Banks / FIs	-	-	-	-	-	-	-	-	-
e. Any other										
Sub-total (A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter										-
(A) = (A)(1) + (A)(2)		54,710,720	-	54,710,720	89.59	51,030,720	-	51,030,720	72.87	-
B. Public Shareholding										

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1 Institutions	-	-	-	-	-	-	-	-	-
a. Mutual Funds / UTI	-	-	-	-	2,468,327	-	2,468,327	3.52	-
b. Banks / FIs	-	-	-	-	57,449	-	57,449	0.08	-
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	1,216,396	-	1,216,396	1.74	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital funds	3,752,984	-	3,752,984	6.15	3,665,410	-	3,665,410	5.24	-
i. Others Foreign Co.	2,501,984	-	2,501,984	4.10	-	-	-	-	-
j. Foreign Portfolio Investor	-	-	-	-	2,243,442	-	2,243,442	3.20	-
Sub-total (B)(1)	6,254,968	-	6,254,968	10.24	9,651,024	-	9,651,024	13.78	-
2 Non-institutions									
a. Bodies Corp. (Indian and Overseas)	104,000	-	104,000	0.17	2,066,147	-	2,066,147	2.95	-
b. Individuals									
i) Individual shareholders holding									
nominal share capital upto 2 Lakh	-	-	-	-	5,275,118	1	5,275,119	7.53	-
ii) Individual shareholders holding									
nominal share capital in excess of 2 Lakh	-	-	-	-	1,062,339	-	1,062,339	1.52	-
c. Others	-	-	-	-	-	-	-	-	-
i) Clearing Member	-	-	-	-	616,150	-	616,150	0.88	-
ii) NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
iii) Foreign National	-	-	-	-	500	-	500	0.0007	-
iv) NRI	-	-	-	-	13,570	-	13,570	0.02	-
v) Hindu undivided Family	-	-	-	-	314,459	-	314,459	0.45	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
vi) Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	104,000	-	104,000	0.17	9,348,284	-	9,348,284	13.35	-
Total Public Shareholding									
(B) = (B)(1) + (B)(2)	6,358,968	-	6,358,968	10.41	18,999,307	1	18,999,308	27.13	-
C. Shares held by Custodian for GDRs / ADRs	-	-	-	-	-	-	-	-	-
D. Grand Total (A+B+C)	61,069,688	-	61,069,688	100.00	70,030,027	1	70,030,028	100.00	-

ii. Shareholding by Promoters and Promoter Group

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Kailash Sahebrao Katkar	22,351,384	36.60	-	20,511,384	29.29	-	7.31
2	Sanjay Sahebrao Katkar	22,351,384	36.60	-	20,511,384	29.29	-	7.31
3	Anupama K Katkar	5,003,976	8.19	-	5,003,976	7.145	-	1.05
4	Chhaya S Katkar	5,003,976	8.19	-	5,003,976	7.145	-	1.05

iii. Change in Promoter's Shareholding (please specify, if there is no change) : Shareholding of Mr. Kailash Katkar & Mr. Sanjay Katkar was changed due to their Offer for sale of 1,840,000 Nos. of Equity Shares each in the IPO of the Company. Percentage of the Shareholding of each Promoter has been changes due to the fresh issue of Equity Shares under IPO.

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

Sr No.	Name of Shareholder	Shareholding at the beginning of the year		No of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1	Sequoia Capital India Investment Holdings III	3,752,984	6.15	-	87,574	3,665,410	5.23
2.	Birla Sun Life Insurance Company Limited	-	-	1,216,396	-	1,216,396	1.74
3.	National Westminster Bank Plc As Trustee Of The Jupiter India Fund	-	-	900,000	-	900,000	1.29
4.	Reliance Capital Trustee Co. Ltd-a/c reliancesmall cap fund	-	-	664,280	-	664,280	0.95
5.	BNP Paribas Arbitrage	-	-	623,070	-	623,070	0.89
6.	Reliance Life Insurance Company Limited	-	-	386,412	-	386,412	0.55
7.	Jupiter South Asia Investment Company Limited - South Asia Access Fund	-	-	360,000	-	360,000	0.51
8.	Sundaram Mutual Fund A/C Sundaram	-	-	311,535	-	311,535	0.44
9.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Equity Fund	-	-	311,535	-	311,535	0.44
10.	HSBC Global Investment Funds - Indian Equity	-	-	228,412	-	228,412	0.33

vi. Shareholding of Directors and Key Managerial Personnel

Sr No.	Name of Shareholder	Shareholding at the beginning of the year		No of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1	Kailash Sahebrao Katkar	22,351,384	36.60	-	1,840,000	20,511,384	29.29
2	Sanjay Sahebrao Katkar	22,351,384	36.60	-	1,840,000	20,511,384	29.29
3	Abhijit Jorvekar	-	-	156,100	-	156,100	0.22
4	Rajesh Ghonasgi	-	-	26,630	-	26,630	0.04
5	Vijay Shirode	-	-	-	-	-	-

VI. Indebtedness of the Company including interest outstanding / accrued but not due for payment : NIL

VII. Remuneration of Directors and Key Managerial Personnel

A Remuneration to Managing Director, Whole-time Director and / or Manager (as per CTC)

INR million

Sr. No	Name of Director	Designation	Remuneration
1.	Mr. Kailash Sahebrao Katkar	Managing Director & CEO	12.94
2.	Mr. Sanjay Sahebrao Katkar	Managing Director & CTO	12.94
3.	Mr. Abhijit Shantaram Jorvekar	Executive Director	9.14

B Remuneration to other Directors:

INR million

Sr. No	Name of Director	Designation	Remuneration
1.	Mehul Savla	Independent Director	0.25
2.	P V Bhide	Independent Director	0.50
3.	Sunil Sethy	Independent Director	0.60
4.	Ms Apurva Joshi	Independent Director	0.25

C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager (as per CTC)

INR million

Sr. No	Name of Director	Designation	Remuneration
1.	Mr. Rajesh Ghonasgi	Chief Financial Officer	11.07
2.	Mr. Vijay Shirode	Company Secretary	1.09

VIII. Penalties / Punishment / Compounding of Offences: Nil

REPORT ON CORPORATE GOVERNANCE

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

1. Company's philosophy on the code of corporate governance:

Your Company recognizes communication as a key element of the overall corporate governance framework and therefore, emphasizes on seamless and efficient flow of relevant communication to all external constituencies. Your Company follows the principles of fair representation and full disclosure in all its dealings and communications. The Company's annual reports, results presentations and other forms of corporate and financial communications provide

extensive details and convey important information on a timely basis. Your Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, government and lenders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall Shareholders value, over a sustained period of time.

2. Board of Directors:

(i) Composition of Board

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

Executive Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Kailash Sahebrao Katkar	Managing Director & CEO	Promoter
2.	Mr. Sanjay Sahebrao Katkar	Managing Director & CTO	Promoter
3.	Mr. Abhijit Jorvekar	Executive Director	Non-Independent

Non Executive (Non-Independent) Directors

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

Non Executive (Independent) Directors

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

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

(ii) Independent Directors

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

The Company has received declarations as stipulated under Section 149(7) of the Companies Act, 2013 and as per the applicable clause(s) of LODR, 2015 from each Independent Directors confirming that he /she is not disqualified from being appointed /continuing as Independent Director. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and LODR, 2015. The terms and conditions of the appointment of

Independent Directors have been displayed on the website of the Company and can be accessed through the following link: <http://www.quickheal.com/investors>

(iii) Board Meetings

During the financial year 2015-16, 9 (Nine) Board meetings were held on 08th April, 2015, 24th April, 2015, 27th July, 2015, 17th August, 2015, 21st August, 2015, 4th September, 2015, 24th September, 2015, 3rd November, 2015 & 4th January, 2016. The maximum time gap between any two meetings did not exceed one hundred twenty days.

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

Attendance of Directors at the Board Meetings, last Annual General Meeting and number of Directorships and Chairmanships / Memberships of Committee(s) in other companies are given below:

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in other public companies #	No. of Memberships (M)/ Chairpersonships (C) in other board Committee(s)^
Mr. Kailash Sahebrao Katkar	09	Yes	Nil	0(C), 02(M)
Mr. Sanjay Sahebrao Katkar	09	Yes	Nil	Nil
Mr. Abhijit Jorvekar	09	Yes	Nil	Nil
Mr. Shailesh Lakhani	03	No	Nil	Nil
Mr. Pradeep Vasudeo Bhide*	02	No	07	03(C), 07(M)
Mr. Mehul Mulchand Savla*	02	No	Nil	0(C), 01(M)
Mr. Sunil Vikram Sethy*	03	Yes	03	03(C), 04(M)
Ms. Apurva Pradeep Joshi*	04	Yes	Nil	0(C), 01(M)

*Mr. Pradeep Vasudeo Bhide, Mr. Sunil Vikram Sethy & Ms. Apurva Joshi were appointed as an additional Director in the Independent Category on 21st August, 2015 and designation of Mr. Mehul Mulchand Savla was changed to independent director on 21st August, 2015. All Four independent Director's position was regularised in the AGM dated: 24th September, 2015

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

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

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

(v) Board Meetings, its Committee Meetings and Procedures thereof:**A. Scheduling and selection of agenda items for Board Meetings**

- (i) The Company holds minimum four Board Meetings every year. Apart from the four Board Meetings, additional Board Meetings are also convened as and when required to address the specific needs of the Company by giving appropriate notice to the Directors. The Board also approves permitted urgent matters by passing the resolutions through circulation.
- (ii) The meetings are usually held at the Company's registered office at Viman Nagar, Pune.
- (iii) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/approval/decision in the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the agenda of the Board meetings.
- (iv) The Board is given presentations on finance, sales and marketing, and the major business segments and operations of the Company, while considering the results of the Company at each of the pre-scheduled Board meeting.
- (v) The Company Secretary in consultation with the Managing Directors/Whole Time Directors and other concerned persons in the top management, finalizes the agenda papers for the Board meetings.

B. Board material distributed in advance

- (i) Agenda papers are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is placed on the table at the meeting with specific reference to this effect in the agenda.

- (ii) With the permission of Chairman and other directors present at the meeting, additional or supplementary item(s) in the agenda are taken up for discussion and consideration. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance for the meeting.

C. Recording minutes of proceedings at Board meeting

The Company Secretary records the minutes of the proceedings of each Board and Committee Meetings. The minutes of the proceedings of a meeting are entered in the minutes book within thirty days from the conclusion of the meeting and signed by the Chairman of the next Board / Committee Meeting.

D. Post meeting follow up mechanism

There is an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committees.

E. Compliance

The Company Secretary, while preparing the agenda, notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to material provisions of all applicable laws.

(vi) Familiarization Programme for Board Members including Independent Directors

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with Company's procedures and practices.

Periodic presentations are 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 Company through its Key Managerial Personnel/ Senior Managerial Personnel conducts programs/presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company and to appraise them 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 Independent Directors are given every opportunity to interact with the Key / Senior Management Personnel and are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry of which it is a part.

The familiarization programme for Independent Directors in terms of the provisions of LODR, 2015 is uploaded on the website of the Company and can be accessed through following link: <http://www.quickheal.com/investors>

(vii) Independent Directors' meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015, a meeting of the Independent Directors of the Company was held on 22nd April, 2016, without the presence of Non-Independent Directors and representatives of the management.

(viii) Evaluation of Board Effectiveness

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and as per applicable Clauses of LODR, 2015, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, 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 31st March, 2016 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 purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony. The Board acknowledges its intention to establish and follow best practices in Board Governance in order to fulfil its fiduciary obligation to the Company. The Board believes the evaluation will lead to a closer working

relationship among the Board members, greater efficiency in the use of the Board's time and increased effectiveness of the Board as a governing body.

3. Board Committees

The Committees constituted by the Board plays a very important role in the governance structure of the Company. The composition and the terms of reference of these Committees are approved by the Board and are in line with the requirement of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. The minutes of the Committee meetings are placed at the Board meetings. Currently (i.e. 31st March, 2016) there are following 5 (Five) committees of the Directors viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, IPO Committee.

(i) Audit Committee

Terms of Reference:

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

Composition and Attendance:

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. Two meetings of the Committee were held during the financial year ended 31st March 2016.

Dates of the meetings and the number of Members attended are given below:

Sr. No.	Date of the Meeting	Number of Members Attended
1.	3 rd November, 2015	3
2.	4 th January, 2016	3

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

Name	Status	Number of Meetings Attended
Mr. Sunil Vikram Sethy	Chairman	2
Mr. Kailash Sahebrao Katkar	Member	2
Ms. Apurva Pradeep Joshi	Member	2

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

Whistle Blower Policy _ Vigil Mechanism

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

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

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

(ii) Nomination and Remuneration Committee:

Terms of Reference:

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

Composition and attendance:

The Nomination and Remuneration Committee consists of three Directors, all being Independent. During the financial year ended 31st March, 2016, 01(One) meeting of the Nomination and Remuneration Committee were held on 04th January, 2016. All the Members attended the aforesaid meetings.

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

Sr. No.	Name	Status	Number of Meetings Attended
1.	Mr. Mehul Mulchand Savla	Chairman	1
2.	Mr. Sunil Vikram Sethy	Member	1
3.	Ms. Apurva Pradeep Joshi	Member	1

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

Name	Status	Number of Meetings Attended
Mr. Mehul Mulchand Savla	Chairman	1
Mr. Sunil Vikram Sethy	Member	1
Ms. Apurva Pradeep Joshi	Member	1

Remuneration of Directors:

- all pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report of the Company.
- criteria of making payments to non-executive directors. alternatively, this may be disseminated on the Company's website and reference drawn thereto in the annual report.

Details of Remuneration paid to the Directors during the financial year ended 31st March 2016:

(a) Executive Directors

Sr. No.	Name of the Director	Gross salary(in ₹)	Commission/ Incentive(in ₹)	Contribution to PF (in ₹)	Other (in ₹)	Total. (in ₹)	Notice period
1	*Mr. Kailash Sahebrao Katkar	1,06,40,000	8,00,000	Nil	Nil	11,44,00,000	6 (six) Months
2	*Mr. Sanjay Sahebrao Katkar	1,06,40,000	8,00,000	Nil	Nil	11,44,00,000	6 (six) Months
3	Mr. Abhijit Jorvekar	60,20,000	34,00,800	21,600	25,00,000	1,19,42,400	Nil

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

(b) Non-Executive Director

Particulars of sitting fee paid to the Non-Executive Directors during the financial year ended 31st March, 2016 are as follows:

Sr. No.	Name of the Director	*Sitting fees paid(in ₹)
1.	Mr. PV Bhide	45,000/-
2.	Mr. Sunil Sethy	75,000/-
3.	Mr. Mehul Savla	30,000/-
4.	Ms. Apurva Joshi	1,20,000/-

* mentioned sitting fees is exclusive of service tax.

Commission has been paid to the Independent Directors and mentioned in Annexure A to the Directors Report.

There has been no material pecuniary relationship or transactions between the Company and Non-Executive Directors during the financial year 2015-2016.

There are no convertible instruments issued to any of the Non-Executive Directors of the Company. Nil equity shares of the Company are held by the Non-Executive Directors as on 31st March, 2016.

Stock Options granted to Directors

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

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

(iii) Stakeholders Relationship Committee:

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

The Stakeholders Relationship Committee consists of three Directors, of which two are Independent and one is Executive Director. The Stakeholders Relationship Committee is headed by Mr. Pradeep Vasudeo Bhide, Independent Director of the Company. No meeting of the Committee was held during the financial year ended 31st March, 2016.

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

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

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

During the year, Nil complaints were received as on 31st March 2016.

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

The Terms of Reference of the Corporate Social Responsibility Committee ("CSR Committee") are in conformity with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Composition:

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

4(Four) Nos. of Meeting of CSR Committee were held during the financial Year 2015-16.

Names of Members of the Committee and their status are given below:

Sr. No.	Name	Status
1.	Ms. Apurva Pradeep Joshi	Chairman
2.	Mr. Kailash Sahebrao Katkar	Member
3.	Mr. Sanjay Sahebrao Katkar	Member

Dates of the meetings and the number of Members attended are given below:

Sr. No.	Date of Meeting	Number of Members Attended
1.	8 th May, 2015	2
2.	30 th July, 2015	3
3.	4 th September, 2015	3
4.	4 th January, 2016	3

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

Sr. No.	Name	Status	Number of Meetings Attended
1.	Mr. Mehul Mulchand Savla	Chairman	1
2.	Mr. Sunil Vikram Sethy	Member	1
3.	Ms. Apurva Pradeep Joshi	Member	1

* Mr. Abhijit Jorvekar was replaced by Ms. Apurva Pradeep Joshi on reconstitution of CSR Committee on 24th September, 2015.

4. General Body Meetings:

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

Sr. No.	Date of AGM	Venue
1.	24 th September, 2015	Marvel Edge, Office No 7010 C & D Floor, Opposite Neco Garden Society, Viman Nagar, Pune - 411 014
2.	29 th September, 2014	603, May Fair Towers II, Wakdewadi, Shivaji Nagar, Pune - 411 005
3.	13 th September, 2013	603, May Fair Towers II, Wakdewadi, Shivaji Nagar, Pune - 411 005

Sr. No.	Financial Year	Date	Day	Time	Number of Special resolution(s) Passed	Details of Special Resolution passed
1.	2014-15	24 th September, 2015	Thursday	04:00 PM	2 (Two)	1. Initial public Offer & Offer for sale. 2. Increase in FII Limit.
2.	2013-14	29 th September, 2014	Monday	11:00 AM	Nil	Nil
3.	2012-13	13 th September, 2013	Friday	11:00 AM	Nil	Nil

During financial year ended 31st March, 2016, none of the resolutions were passed by the Members through Postal ballot.

There is no resolution proposed to be passed through postal ballot at the ensuing Annual General Meeting of the Company.

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

The Company has not entered into any transaction of material nature with the promoters, the directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company. Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report.

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

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

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

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

(iv) Compliance with non-mandatory requirements (as on 31st March, 2016)

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

(1) Shareholders' Rights

The quarterly results will be posted on the website of the Company.

(2) Audit Qualifications

During the period 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	Since your Company got listed on 18 th February, 2016, the quarterly, half yearly and yearly financial results of the Company are to be mailed /sent to the stock exchanges after they are approved by the Board. These are also published in the Newspapers, in the prescribed format as per the provisions of the Listing Agreement.
ii)	Newspapers wherein results normally published	Financial Express, English Dainik Janshakti, Regional
iii)	Any website, where displayed	www.quickheal.com
iv)	Whether it also displays official news releases	The Company gives important Press Releases.
v)	The Presentations made to institutional investors or to the analysts	The Company holds Analysts' Meet from time to time as required.
vi)	NSE Electronic Application Processing System (NEAPS)	The NEAPS is a web based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.
vii)	BSE Corporate Compliance & Listing Centre (the 'Listing Centre')	BSE's Listing Centre is a web based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on the Listing Centre.
viii)	Corporate Filing and Dissemination System (CFDS)	The CFDS portal jointly owned, managed and maintained by BSE & NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal. In particular, the Company informs BSE and NSE all price sensitive matters or such other matters which in its opinion are material and of relevance to the members.
ix)	SEBI Complaint Redressal System (SCORES)	The investor complaints are processed in a centralized web based complaint redressal system. The salient features of this system are: Centralized Data Base of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

7. General Shareholders' Information

7.1 Annual General Meeting: 5th August, 2016 at 11.00 A.M. Within the local limits of the city in which registered office of the Company is situated.
 - Tentative Date and Time
 - Tentative Venue

7.2 Financial Calendar 2016 _ 17 (Tentative): Annual General Meeting _ (Next Year)

Financial Reporting	August, 2017
Results for quarter ending June 30, 2016	August 2016
Results for quarter ending Sep. 30, 2016	November 2016
Results for quarter ending Dec. 31, 2016	February 2017
Results for year ending Mar. 31, 2017 (Audited)	May 2017

7.3 Book Closure date : 25th July 2016 to 28th July 2016 (both days inclusive) for Annual General Meeting.

7.4 Dividend Payment date: On or before 31st August 2016.

7.5 Unclaimed Shares : Nil

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

7.6 (a) Listing of Equity Shares on Stock Exchanges	National Stock Exchange of India Limited., Exchange Plaza, 5 th 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
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The Company confirms that it has paid annual listing fees due to both the above stock exchanges.

b) Listing of GDS on Stock Exchange

(c) Debenture Trustee: Not Applicable

7.7 Stock Code (Equity Shares) Trading Symbol _ BSE Limited (Demat Segment): 539678
 Trading Symbol _ National Stock Exchange of India (Demat Segment): QUICKHEAL

International Securities Identification Number (ISIN)

Equity Shares: INE306L01010

Correspondence Address: Registered Office of the Company.

7.8 Stock Market Price Data National Stock Exchange of India 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 ₹)
February, 2016	330.00/-	181.00/-	329.95/-	180.00/-
March, 2016	260.50/-	183.55/-	260.40/-	183.60/-

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

7.10 Registrar & Transfer Agents: Link Intime India Private Limited, Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001,
 Tel.: +91 (20) 2616 1629 / 2616 0084
 Fax: +91 (20) 2616 3503
 E-mail: pune@linkintime.co.in
 Website: www.linkintime.co.in

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

7.12 Distribution of shareholding as at 31st March, 2016:

By size of shareholding	Shareholders		Equity shares held	
	Number	Percentage (%)	Number	Percentage (%)
1 - 5000	82644	98.81	4491717	6.41
5001 - 10000	460	0.55	357957	0.51
10001 - 20000	225	0.27	336421	0.48
20001 - 30000	91	0.11	232526	0.33
30001 - 40000	34	0.04	121224	0.17
40001 - 50000	28	0.03	127041	0.18
50001 - 100000	40	0.05	291380	0.42
100001 & Above	114	0.14	64071762	91.50
TOTAL	83636	100	70030028	100
Physical Mode	01	Negligible	01	Negligible
Electronic Mode	83635	100	70030027	100.00

By category of shareholders	Equity Shares held	
	Number of Shares	Percentage(%)
Promoters	51030720	72.87
Clearing Member	616150	0.88
Foreign Inst. Investor	940599	1.34
Hindu Undivided Family	314459	0.45
Banks/Mutual Funds	2525776	3.60
NRIs/ Foreign Nationals	14070	0.02
Foreign venture Capital	3665410	5.23
Insurance Companies	1216396	1.74
Foreign Portfolio Investor	1302843	1.86
Other Bodies Corporate	2066147	2.96
Public	6337458	9.05
Total	70030028	100

7.13 Dematerialisation of shares 70,030,027 Nos of Shares has been dematerialised as on 31st March, 2016 & 1 no. of Share was in Physical Form. Trading in equity shares of the Company is permitted only in dematerialized form.

7.14 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

Nil

7.15 Plant locations

Nil

7.16 Investor Correspondence: For transfer / dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the Company.

M/s. Link Intime India Private Limited
Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001, India
Tel.: +91 (20) 2616 1629 / 2616 0084 Fax: +91 (20) 2616 3503 E-mail: pune@linkintime.co.in Website: www.linkintime.co.in

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).

Important Communication to Members:

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

8. OTHER INFORMATION**(a) Risk Management Framework:**

The Company has in place mechanism to inform Board members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework.

(b) CEO and CFO Certification

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

(c) Code of Conduct

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

General Disclosures

- (i) A summary of transactions with related parties in the ordinary course of business is periodically placed before the audit committee;
- (ii) The mandatory disclosure of transactions with related parties in compliance with Accounting Standard AS-18 is a part of this annual report;
- (iii) The Policy on Related Party Transactions and for determining Material Subsidiaries is disclosed and available in weblink of the company i.e. www.quickheal.com/policies.
- (iv) While preparing the annual accounts in respect of the financial year ended 31st March, 2016, no accounting treatment was different from that prescribed in the Accounting Standards;
- (v) 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.

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER LODR (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of Quick Heal Technologies Limited

We have examined the compliance of conditions of corporate governance by Quick Heal Technologies Limited, for the year ended on March 31, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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

FOR J B BHAVE & CO.
COMPANY SECRETARIES

—
JAYAVANT BHAVE
PROPRIETOR
FCS No. 4266
CP No. 3068

Place: Pune
Date : 11th May 2016

Compliance Certificate: Chief Executive Officer and Chief Financial Officer

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2016 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. To the best of our knowledge and belief, no transactions entered into by the Company during the year 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 year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- 3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Kailash Katkar
Chief Executive Officer

Rajesh Ghonasgi
Chief Financial Officer

Place: Pune
Date : 11th May 2016

RISK MANAGEMENT REPORT

Overview:

Quick Heal Technologies Ltd ("QUICK HEAL") (Formerly Known as Quick Heal Technologies Pvt. Ltd.) is one of the leading IT security solutions company. Each Quick Heal product is designed to simplify IT security management across the length and depth of devices and on multiple platforms. They are customized to suit consumers, small businesses, Government establishments and corporate houses.

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

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

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

QUICK HEAL is committed to ensuring:

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

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

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

Objective of Risk Management:

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

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

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

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

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

Risk Management Process:

RISK IDENTIFICATION AND REVIEWS:

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

Each Risk Owner must monitor the risks faced by the function on a regular basis and more specifically on a quarterly basis assess the risks that they face as a group based on the defined objectives, internal and external

context realities and the Stakeholder objectives. It will not be limited to a review of risks already identified but will include a review of the changes in the environment. This review should include identification for all significant areas. Workshops or brainstorming sessions may be conducted amongst the group to identify new risks that may have emerged over a period of time. This review will include a documented analysis of the reasons for all successes and failures vis-à-vis the Objectives in the daily working or projects undertaken and identifying the learning for the future.

RISK ASSESSMENT:

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

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

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

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

RISK EVALUATION:

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

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

RISK TREATMENT/ACTION PLAN:

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

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

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

ESCALATION OF RISKS:

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Quick Heal Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Quick Heal Technologies Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 31A (i) and (ii) to the financial statements wherein it is stated that the Company has received statement of demands of service tax under the provision of Finance Act, 1994 for ₹ 846,059,629 (excluding penalty of ₹ 560,715,595 stated in one of the demands) for the period from March 01, 2011 to March 31, 2015 and as more fully discussed therein and based on matter stated therein including legal opinion obtained by the Company, no provision has been considered by the management in these financial statements including similar liability for the subsequent period till March 31, 2016.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, since none of the subsidiaries, associate companies and jointly controlled companies are incorporated in India, no separate report on internal financial controls over financial reporting of the Group is being issued.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group _ Refer Note 31 to the consolidated financial statements;

- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries companies incorporated in India.

Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs 109,514,370 as at March 31, 2016, and total revenues and net cash outflows of Rs 71,348,650 and Rs 7,018,152 for the year ended on that date, in respect of four subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

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

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place: Pune
Date: May 11, 2016

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

	Notes	March 31, 2016 ₹	March 31, 2015 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	700,300,280	610,696,880
Reserves and surplus	4	5,368,952,954	2,703,704,528
		6,069,253,234	3,314,401,408
Current liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	5	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5	531,802,518	373,647,383
Current liabilities	5	143,287,557	74,962,824
Short-term provisions	6	409,637,586	516,692,060
		1,084,727,661	965,302,267
Total		7,153,980,895	4,279,703,675
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7.1	1,323,540,030	1,001,949,710
Intangible assets	7.2	93,743,246	108,543,147
Capital work-in-progress		550,579,994	737,549,308
Non-current investments	8	34,149,992	4,149,992
Deferred tax assets (net)	9	71,642,244	48,504,823
Loans and advances	10	177,712,099	172,307,654
Other non-current assets	11	1,999,913	1,236,318
		2,253,367,518	2,074,240,952
Current assets			
Current investments	12	1,083,966,694	1,296,076,569
Inventories	14	66,688,626	78,423,126
Trade receivables	13	945,805,098	647,553,380
Cash and bank balances	15	2,690,553,677	126,399,589
Loans and advances	10	94,557,861	55,395,618
Other current assets	16	19,041,421	1,614,441
		4,900,613,377	2,205,462,723
Total		7,153,980,895	4,279,703,675
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

**For and on behalf of the Board of Directors of
Quick Heal Technologies Limited****Kailash Katkar**Managing Director
& Chief Executive Officer
DIN: 00397191**Sanjay Katkar**Managing Director
& Chief Technical Officer
DIN: 00397277**Rajesh Ghonasgi**

Chief Financial Officer

Vijay Shirode

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Notes	March 31, 2016 ₹	March 31, 2015 ₹
Income			
Revenue from operations (gross)	17	3,380,696,142	2,861,155,041
Less: Excise duty		-	-
Revenue from operations (net)		3,380,696,142	2,861,155,041
Other income	18	98,042,769	82,216,138
Total revenue		3,478,738,911	2,943,371,179
Expenses			
Cost of raw materials consumed	19(a)	39,599,612	21,813,935
Purchase of security software products	19(b)	123,366,764	149,036,439
(Increase)/decrease in security software products	19(c)	5,663,049	(13,065,636)
Employee benefits expense	20	864,150,436	641,083,689
Depreciation and amortisation expense	21	237,111,239	202,003,527
Other expenses	22	1,323,276,021	1,144,243,080
Total expenses		2,593,167,121	2,145,115,034
Profit before tax		885,571,790	798,256,145
Tax expense			
Current tax		324,712,208	269,444,239
Deferred tax		(23,137,421)	(9,231,885)
Total tax expense		301,574,787	260,212,354
Profit for the year		583,997,003	538,043,791
Attributable to:			
Equity holders of the parent		583,997,003	538,043,791
Earnings per equity share			
[nominal value of share ₹ 10 (March 31, 2015: ₹ 10)]	23		
Basic (in ₹)		9.37	8.81
Diluted (in ₹)		9.36	8.69
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

**For and on behalf of the Board of Directors of
Quick Heal Technologies Limited****Kailash Katkar**Managing Director
& Chief Executive Officer
DIN: 00397191**Sanjay Katkar**Managing Director
& Chief Technical Officer
DIN: 00397277**Rajesh Ghonasgi**

Chief Financial Officer

Vijay Shirode

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	March 31, 2016 ₹	March 31, 2015 ₹
A. Cash flows from operating activities		
Profit before tax	885,571,790	798,256,145
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	237,111,239	202,003,527
Interest income	(15,620,500)	(3,794,351)
Provision for doubtful debts and advances	3,357,032	15,143,065
Bad debts written off	2,108,067	3,003,689
Loss / (profit) on sale of fixed assets (net)	18,083	(567,182)
Fixed assets written off	-	78,771
Employee stock compensation expense	1,498,229	1,275,168
Dividend income	(47,828,273)	(63,615,353)
Unrealized foreign exchange (gain)/loss (net)	(5,218,381)	1,649,216
Net(gain) on sale of investments	(19,336,419)	(13,728,730)
Operating profit before working capital changes	1,041,660,867	939,703,965
Movements in working capital:		
(Increase)/decrease in trade receivables	(298,358,390)	27,150,435
Decrease/(increase) in inventories	11,734,500	(16,136,700)
(Increase)/decrease in short-term loans and advances	(39,162,243)	7,067,644
(Increase) in long-term loans and advances	(117,639)	(215,540)
(Increase)/decrease in other current assets	(3,357,733)	(32,245)
Increase in short-term provisions	1,547,941	12,407,664
Increase/(decrease) in trade payables	158,155,135	82,862,630
Increase/(decrease) in other current liabilities	69,519,795	16,438,209
Cash generated from operations	941,622,233	1,069,246,062
Direct taxes paid (net of refunds)	(160,670,201)	(297,345,281)
Net cash flow from operating activities (A)	780,952,032	771,900,781
Cash flows from investing activities		
Purchase of tangible and intangible assets (including capital work-in-progress and capital advances)	(362,075,952)	(660,976,631)
Proceeds from sale of tangible and intangible assets	396,461	1,125,875
Investments in non-current investments (other)	(30,000,000)	(4,149,992)
Purchase of current investments	(2,066,701,811)	(167,794,288)
Sale of current investments	2,298,148,105	199,208,932
Maturity of bank deposits(having remaining maturity of more than three months)	(1,522,729,357)	39,962,140
Interest received	1,551,254	3,843,261
Dividends received	47,828,273	63,615,353
Net cash (used in) investing activities (B)	(1,633,583,027)	(525,165,350)

	March 31, 2016 ₹	March 31, 2015 ₹
Cash flows from financing activities		
Dividend paid on equity shares	(403,059,941)	(149,547,536)
Tax on equity dividend paid	(82,053,520)	(25,415,603)
Proceeds from issuance of equity shares (including securities premium and net of share issue expenses)	2,327,562,809	-
Proceeds from exercise of employee stock options (including securities premium)	52,369,973	-
Net cash flow from / (used in) financing activities (C)	1,894,819,321	(174,963,139)
Net increase in cash and cash equivalents (A + B + C)	1,042,188,326	71,772,292
Cash and cash equivalents at the beginning of the year	125,047,676	53,275,384
Cash and cash equivalents at the end of the year	1,167,236,002	125,047,676
Components of cash and cash equivalents:		
Cash on hand	2,041,740	1,205,524
Balances with banks		
On Current account	401,708,483	123,474,302
Deposits with original maturity of less than three months	750,000,000	-
Cheques on hand	12,000,000	-
On EEFC account	1,485,779	367,850
Total cash and cash equivalents (Refer note 15)	1,167,236,002	125,047,676
Summary of significant accounting policies	2.1	

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

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

Kailash Katkar

Managing Director
& Chief Executive Officer
DIN: 00397191

Rajesh Ghonasgi

Chief Financial Officer

Sanjay Katkar

Managing Director
& Chief Technical Officer
DIN: 00397277

Vijay Shirode

Company Secretary

NOTES FORMING PART OF CONSOLIDATED

financial statements for the year ended March 31, 2016

1. Corporate information

Quick Heal Technologies Limited ("the Company"/ "Holding Company") is a public company domiciled in India and incorporated on August 7, 1995 under the Companies Act, 1956. The CIN number of the Company is U72200MH1995PLC091408. The Company is engaged in the business of providing security software products. The Company caters to both domestic and international market.

Pursuant to Initial Public Offering (IPO), 14,057,719 equity shares of ₹ 10 each were allotted at a price of ₹ 321 per equity share consisting of fresh issue of 7,788,161 equity shares and offer for sale of 6,269,558 equity shares by the selling shareholders. The equity shares of the Company were listed on the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') w.e.f. February 18, 2016. The Company has incurred expenses of ₹ 172,436,872 related to fresh issue of equity shares which has been adjusted against securities premium account in terms of Section 52 of the Companies Act, 2013.

2. Basis of preparation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as "Group"). These consolidated financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting principles generally accepted in India including the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements have been prepared on an accrual basis under the historical cost convention.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Principles of consolidation

These consolidated financial statements of the Group have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements", as notified.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its standalone financial statements. The financial

statements of all the subsidiaries have been drawn up to the same date as that of Holding Company.

The financial statements of Quick Heal Technologies Inc., USA have been prepared in accordance with Indian GAAP. The financial statements of Quick Heal Technologies Africa Limited, Kenya and Quick Heal Technologies (MENA) FZE, UAE have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) adopted as per International Accounting Standards Board (IASB). The financial statements of Quick Heal Technologies Japan K.K., Japan have been prepared in accordance with Generally Accepted Accounting Policies in Japan (JGAAP). The Group has converted these audited financial information and financial statements, as the case may be, to the accounting principles generally accepted in India, wherever required, for the purpose of preparation of Group's consolidated financial statements under Indian GAAP.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Group obtains control, and continues to be consolidated until date of that such control ceases to exist.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets and liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. The unrealised profits or losses resulting from intra group transactions and intra group balances have been eliminated in full. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

The excess of the cost to the Company of its investment in the subsidiaries are the Company's portion of equity on the acquisition date, is recognized in the consolidated financial statements as goodwill and is tested for impairment annually. The excess of the Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies

for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as in the Company's standalone financial statements.

Share of minority in the net profit is adjusted against the income to arrive at the net income attributable to the shareholders of the Holding Company. Minority interest's share of net assets/liability is presented separately in the balance sheet.

If the losses attributable to the minority in a subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against Group's interest except to the extent that the minority has binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation	Financial year ends on	Company's ultimate holding as on	
			March 31, 2016	March 31, 2015
Quick Heal Technologies America Inc.	USA	March 31	100%	100%
Quick Heal Technologies Japan K. K.	Japan	March 31	100%	100%
Quick Heal Technologies Africa Limited	Kenya	March 31	100%	100%
Quick Heal Technologies (MENA) FZE	Dubai	March 31	100%	100%

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, 2016		As at March 31, 2015	
	As a % of consolidated net assets	Net assets ₹	As a % of consolidated net assets	Net assets ₹
Holding Company:				
Quick Heal Technologies Limited	100.47%	6,098,285,273	100.46%	3,329,738,979
Foreign Subsidiaries:				
Quick Heal Technologies America Inc.	(0.43%)	(26,313,165)	(0.02%)	(640,100)
Quick Heal Technologies Japan K. K.	(0.50%)	(30,593,672)	(0.65%)	(21,445,571)
Quick Heal Technologies Africa Limited	0.30%	18,234,613	0.12%	4,126,797
Quick Heal Technologies (MENA) FZE	0.16%	9,640,185	0.08%	2,621,303
Total	100.00%	6,069,253,234	100.00%	3,314,401,408

Share in Profit and Loss:

Name of the company	For the year ended March 31, 2016		For the year ended March 31, 2015	
	As a % of consolidated profit or loss	Profit / (loss) ₹	As a % of consolidated profit or loss	Profit / (loss) ₹
Holding Company:				
Quick Heal Technologies Limited	102.37%	597,831,517	100.53%	540,898,247
Foreign Subsidiaries:				
Quick Heal Technologies America Inc.	(4.32%)	(25,216,664)	(0.40%)	(2,153,664)
Quick Heal Technologies Japan K. K.	(1.29%)	(7,548,552)	(1.29%)	(6,970,821)
Quick Heal Technologies Africa Limited	2.52%	14,705,709	0.63%	3,392,570
Quick Heal Technologies (MENA) FZE	0.72%	4,224,993	0.53%	2,877,459
Total	100.00%	583,997,003	100.00%	538,043,791

(b) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the consolidated statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

**(d) Depreciation on tangible fixed assets
In case of Group:**

Depreciation on fixed assets 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 fixed assets.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	30-63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10-18	15.33-45.07%
Office equipment	5	5-15	12.5-63.16%
Server	6	6	39.30%
Vehicles	8	8	25-31.23%

In case of Quick Heal Technologies (MENA) FZE:

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

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

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

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets i.e. softwares are amortized on a straight line basis over the period of expected future benefits i.e. over their estimated useful lives of three years. Intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies."

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized

Research and development costs

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

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

- The ability to measure reliably the expenditure attributable to the intangible asset during development.

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

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

Type of asset	Life (years)
Software	3

(f) Impairment of tangible and intangible 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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 net selling price, recent market transactions are taken into account, if transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such

indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Leases

Where the Company within the Group is a lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the consolidated statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the consolidated statement of profit and loss.

(i) Inventories

Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories is not written down below cost of the finished product in which they will be incorporated are expected to be sold at or above cost. Cost of raw material is determined on a weighted average basis.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost of finished goods includes excise duty, whenever applicable. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices

Revenue from sale of security software products and devices is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Sale of mobile security product with insurance

Revenue from sale of mobile security products is recognized (net of insurance premium

collected on behalf of insurer agency) when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(iii) Income from services

Revenues from support services are recognized as and when services are rendered. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

(iv) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate of applicable interest rate. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

(v) Dividends

Dividend income is recognized when the Group's right to receive dividend is established by the reporting date. Dividend income is included under the head "other income" in the consolidated statement of profit and loss.

(k) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates at the date when the values were determined.

(iii) Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items are recognized as income or expenses in the year in which they arise.

(iv) Foreign operations

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve.

When there is change in the classification of foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in classification.

**(l) Retirement and other employee benefits
In case of Holding Company:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the recognizes provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contributions already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

The Company operates a defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gain and losses for the defined benefit plan is recognized in full in the period in which it occurred in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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 Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

In case of Subsidiaries:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme, National Social Security Fund (NSSF - Kenya) as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contributions already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

There are no other long-term benefits payable to employees of any of the overseas subsidiaries.

(m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the subsidiaries operate. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(n) Employee stock compensation cost

Employees (including senior executives) of the company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized 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 expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

There are no such schemes of stock compensation in any of the Company's subsidiaries.

(o) Segment reporting**Identification of segments**

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

(p) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(q) Provisions

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit and loss net of any reimbursement.

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(s) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

(t) Corporate social responsibility expenditure

Corporate social responsibility expenditure are charged to the consolidated statement of profit and loss as an expense in the year in which they are incurred.

3. Share capital

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Authorized shares		
75,000,000 (March 31, 2015: 75,000,000) equity shares of ₹ 10 each	750,000,000	750,000,000
	750,000,000	750,000,000
Issued, subscribed and fully paid-up shares		
70,030,028 (March 31, 2015: 61,069,688) equity shares of ₹ 10 each	700,300,280	610,696,880
Total issued, subscribed and fully paid-up share capital	700,300,280	610,696,880

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

	As at March 31, 2016		As at March 31, 2015	
	No.	₹	No.	₹
At the beginning of the year	61,069,688	610,696,880	61,069,688	610,696,880
Issued during the year				
- Employee stock option plan (ESOP)	1,172,179	11,721,790	-	-
- Initial public offering (IPO)#	7,788,161	77,881,610	-	-
Outstanding at the end of the year	70,030,028	700,300,280	61,069,688	610,696,880

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

(b) Terms / rights attached to equity shares

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

During the year ended March 31, 2016 the amount of per share dividend recognised as distribution to equity shareholders is ₹ 2.50 (March 31, 2015 : ₹ 7.50)

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

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

None.

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

	As at March 31, 2016 No.	As at March 31, 2015 No.
Equity shares allotted as fully paid up bonus shares by utilisation of security premium and surplus in statement of profit and loss account during the financial year ended March 31, 2014	53,435,977	53,435,977

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

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

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

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 25.

4. Reserves and surplus

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Securities premium account		
Balance as per the last consolidated financial statements	-	-
Add: Additions on ESOPs exercised	40,648,183	-
Add: Additions on fresh issue of equity shares	2,422,118,071	-
Add: Transferred from stock options outstanding account	807,042	-
Less: Share issue expenses (Refer note 36)	172,436,872	-
Closing balance	2,291,136,424	-
Employees stock options outstanding account (Refer note 25)		
Balance as per the last consolidated financial statements	1,370,453	95,285
Add: Additions during the year	1,498,229	1,275,168
Less: Transfer to securities premium on exercise of stock options	807,042	-
Closing balance	2,061,640	1,370,453
Amalgamation reserve		
Balance as per the last consolidated financial statements	26,449,745	26,449,745
Closing balance	26,449,745	26,449,745
General reserve		
Balance as per the last consolidated financial statements	450,255,517	450,255,517
Closing balance	450,255,517	450,255,517
Foreign currency translation reserve		
Balance as per the last consolidated financial statements	1,332,140	434,099
Movement during the year	140,047	898,041
Closing balance	1,472,187	1,332,140
Surplus in the consolidated statement of profit and loss		
Balance as per the last consolidated financial statements	2,224,296,673	2,235,669,976
Add: Profit for the year	583,997,003	538,043,791
Less: Appropriations		
Interim equity dividend [amount per share ₹ Nil (March 31, 2015: ₹ 7.50)]	-	458,022,660
Tax on interim equity dividend	-	91,394,434
Proposed final equity dividend [amount per share ₹ 2.50 (March 31, 2015 : ₹ Nil)]	175,075,070	-
Tax on proposed final dividend	35,641,165	-
Total appropriations	210,716,235	549,417,094
Net surplus in the consolidated statement of profit and loss	2,597,577,441	2,224,296,673
Total reserves and surplus	5,368,952,954	2,703,704,528

5. Current liabilities

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade payable		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 33)		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	531,802,518	373,647,383
	531,802,518	373,647,383
Other current liabilities		
Payables for purchases of fixed assets	10,253,319	11,448,381
Advance from customers	2,399,980	3,544,283
Tax deducted at source payable	44,477,746	30,465,278
Sales tax payable	41,209,503	25,342,118
Deferred revenue	38,930,520	-
Other liabilities (includes provident fund and other taxes)	6,016,489	4,162,764
	143,287,557	74,962,824
	675,090,075	448,610,207

6. Short-term provisions

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Provision for employee benefits		
Provision for gratuity (Refer note 24)	23,340,298	16,688,445
Provision for leave benefits	9,786,242	14,808,624
	33,126,540	31,497,069
Other provisions		
Provision for wealth tax	-	81,530
Provision for income tax (net of advance tax)	165,794,811	-
Interim dividend	-	403,059,941
Provision for tax on interim equity dividend	-	82,053,520
Proposed final equity dividend	175,075,070	-
Provision for tax on proposed final equity dividend	35,641,165	-
	376,511,046	485,194,991
	409,637,586	516,692,060

7.1 Tangible assets

	(Amount in ₹)									
	Freehold land (Refer note 1 & 2)	Leasehold premises	Buildings (Refer note 1)	Computers and Server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total	
Cost										
At April 1, 2014	8,797,475	21,320,860	512,643,397	59,263,848	53,006,353	18,913,941	65,240,531	11,019,463		750,205,868
Additions	-	-	317,968,001	36,078,038	33,275,099	35,618,626	51,010,413	8,867,347		482,817,524
Disposals	-	-	-	219,023	228,410	18,759	60,844	2,055,915		2,582,951
At March 31, 2015	8,797,475	21,320,860	830,611,398	95,122,863	86,053,042	54,513,808	116,190,100	17,830,895		1,230,440,441
Additions	-	1,187,363	292,819,053	64,419,838	60,981,333	24,026,939	67,893,406	1,737,919		513,065,851
Disposals	-	-	-	-	149,569	-	11,219	1,182,878		1,343,666
At March 31, 2016	8,797,475	22,508,223	1,123,430,451	159,542,701	146,884,806	78,540,747	184,072,287	18,385,936		1,742,162,626
Depreciation										
At April 1, 2014	-	3,605,197	46,424,319	22,765,832	12,041,173	6,416,286	20,556,155	5,583,508		117,392,470
Charge for the year	-	669,502	26,448,414	31,360,316	28,297,641	4,902,290	17,521,442	3,922,914		113,122,519
Disposals	-	-	-	172,508	151,246	14,977	38,898	1,646,629		2,024,258
At March 31, 2015	-	4,274,699	72,872,733	53,953,640	40,187,568	11,303,599	38,038,699	7,859,793		228,490,731
Charge for the year	-	766,149	50,166,604	38,568,747	45,647,759	17,139,065	35,343,525	3,429,138		191,060,987
Disposals	-	-	-	-	93,373	-	2,560	833,189		929,122
At March 31, 2016	-	5,040,848	123,039,337	92,522,387	85,741,954	28,442,664	73,379,664	10,455,742		418,622,596
Net block										
At March 31, 2015	8,797,475	17,046,161	757,738,665	41,169,223	45,865,474	43,210,209	78,151,401	9,971,102		1,001,949,710
At March 31, 2016	8,797,475	17,467,375	1,000,391,114	67,020,314	61,142,852	50,098,083	110,692,623	7,930,194		1,323,540,030

Note :-

- Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. (999 years).
- The value of the land has been estimated at the stamp duty valuation.

7.2 Intangible assets

	Software	Total ₹
Cost		
At April 1, 2014	270,589,442	270,589,442
Purchase	12,342,098	12,342,098
Disposals	-	-
At March 31, 2015	282,931,540	282,931,540
Purchase	31,250,351	31,250,351
Disposals	-	-
At March 31, 2016	314,181,891	314,181,891
Amortization		
At April 1, 2014	85,507,385	85,507,385
Charge for the year	88,881,008	88,881,008
Disposals	-	-
At March 31, 2015	174,388,393	174,388,393
Charge for the year	46,050,252	46,050,252
Disposals	-	-
At March 31, 2016	220,438,645	220,438,645
Net block		
At March 31, 2015	108,543,147	108,543,147
At March 31, 2016	93,743,246	93,743,246

8. Non-current investments

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade investments (valued at cost unless stated otherwise)		
Investment in unquoted instruments		
15,162 (March 31, 2015: 15,162) Compulsory Convertible Preference Share of ₹ 10 each fully paid in Wegilant Net Solutions Private Limited	4,149,992	4,149,992
2,236 (March 31, 2015: Nil) equity shares of ₹ 10 each fully paid in Smartalyse Technologies Private Limited	30,000,000	-
	34,149,992	4,149,992

9. Deferred tax assets (net)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	38,675,231	38,355,582
Gross deferred tax liability	38,675,231	38,355,582
Deferred tax asset		
Impact of expenditure charged to the consolidated statement of profit and loss in the current year but allowed for tax purposes on payment basis	24,257,137	12,835,537
Deferred revenue	9,527,762	-
Provision for doubtful debts and advances	76,532,576	74,024,868
Gross deferred tax asset	110,317,475	86,860,405
Net deferred tax asset	71,642,244	48,504,823

10. Loans and advances

	Non-current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Capital advances				
Unsecured, considered good	6,966,765	3,432,763	-	-
	6,966,765	3,432,763	-	-
Security deposits				
Unsecured, considered good	-	-	35,085,511	9,729,246
	-	-	35,085,511	9,729,246
Advances recoverable in cash or kind				
Unsecured, considered good (includes an inter-corporate loan, refer note 34)	333,179	215,540	36,723,983	2,209,699
	333,179	215,540	36,723,983	2,209,699
Other loans and advances				
Unsecured, considered good				
Advance income tax (net of provision for taxation)	170,412,155	168,659,351	-	-
Prepaid expenses	-	-	17,101,383	25,032,058
Balances with customs and excise and other government authorities	-	-	459,216	2,835,397
Advance to suppliers	-	-	3,155,896	13,846,542
Advance to employees	-	-	2,031,872	1,742,676
Unsecured, considered doubtful				
Advance to suppliers	-	-	6,383,812	6,383,812
	170,412,155	168,659,351	29,132,179	49,840,485
Provision for doubtful advances	-	-	(6,383,812)	(6,383,812)
	170,412,155	168,659,351	22,748,367	43,456,673
	177,712,099	172,307,654	94,557,861	55,395,618

Loans and advances due from officers

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Advance to employees includes		
Dues from officers	1,084,737	187,518

11. Other non-current assets

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Refer note 15)	1,999,913	1,236,318
	1,999,913	1,236,318

12. Current investments (Valued at lower of cost and fair value, unless stated otherwise)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Non-Trade		
Investment in mutual funds (quoted)	1,083,966,694	1,296,076,569
[Market value ₹ 1,113,200,630 (March 31, 2015: ₹ 1,324,329,185)]		
Aggregate amount of quoted investments	1,083,966,694	1,296,076,569

12) Details of investment in mutual funds

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Nil (March 31, 2015: 63,974) units of ₹ 1,000 each fully paid up of Tata Money Market Fund Daily Dividend Reinvestment	-	64,071,668
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund -XXVII Series 6 Growth Plan	5,000,000	5,000,000
Nil (March 31, 2015: 997,049) units of ₹ 10 each fully paid up of Reliance Quarterly Interval Fund Series II Dividend Plan Payout	-	10,000,000
839,370 (March 31, 2015: 839,370) units of ₹ 10 each fully paid up of Reliance Yearly Interval Fund Series 1 Growth Plan	10,000,000	10,000,000
Nil (March 31, 2015: 31,508) units of ₹ 10 each fully paid up of Kotak Liquid-Plan A Daily Dividend Reinvestment	-	38,528,903
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of HDFC FMP Series 32-Regular-Growth	5,000,000	5,000,000
Nil (March 31, 2015: 98,069) units of ₹ 100 each fully paid up of ICICI Prudential Liquid Regular Plan Daily Dividend Reinvestment	-	9,813,173
Nil (March 31, 2015: 999,980) units of ₹ 10 each fully paid up of ICICI Interval Fund III Quarterly Interval Regular Plan Dividend Payout	-	10,000,000
Nil (March 31, 2015: 53,642) units of ₹ 10 each fully paid up of DWS Insta Cash Plus Fund Daily Dividend Reinvest	-	5,380,544
199,408 (March 31, 2015: 200,665) units of ₹ 100 each fully paid up of Birla Sunlife Savings Fund-Institutional-Daily Dividend-Regular Plan-Reinvestment	20,000,000	20,126,112
Nil (March 31, 2015: 1,214) units of ₹ 1,000 each fully paid up of DSP Black Rock Liquidity-Institutional Plan-Daily Dividend Reinvestment	-	1,214,364
Nil (March 31, 2015: 47,714) units of ₹ 1,000 each fully paid up of Reliance Money Manager Fund-Institutional-Daily Dividend Reinvestment	-	47,780,897
Nil (March 31, 2015: 3,490,016) units of ₹ 10 each fully paid up of JM High Liquidity Fund-Institutional-Daily Dividend Reinvestment	-	36,401,564
47,541 (March 31, 2015: 82,3573) units of ₹ 1,000 each fully paid up of 120LFSD Religare Invesco Liquid Fund-Daily Dividend Reinvestment	47,598,722	82,449,340
34,552 (March 31, 2015: 50,891) units of ₹ 1,000 each fully paid up of UTI Liquid Fund Cash Plan-Institutional-Daily Dividend Reinvestment	35,224,111	51,880,416
1,482,341 (March 31, 2015: 3,491,081) units of ₹ 100 each fully paid up of Birla Sun Life Dynamic Bond Fund-Retail-Growth-Regular Plan	35,119,027	72,760,000
Nil (March 31, 2015: 7,038,035) units of ₹ 10 each fully paid up of DSP Blackrock Short Term Fund-Regular Plan Monthly Dividend Reinvestment	-	77,414,971
902,511 (March 31, 2015: 1,965,300) units of ₹ 10 each fully paid up of DHFL Pramerica Premier Bond Fund-Regular Plan-Growth	20,000,000	40,000,000
8,944,353 (March 31, 2015: 6,037,340) units of ₹ 10 each fully paid up of ICICI Short Term Plan-Monthly Dividend Reinvestment	107,926,490	72,650,669
21,537 (March 31, 2015: 61,898) units of ₹ 1,000 each fully paid up of IDFC Cash Fund-Inst Plan C- Daily Dividend Reinvestment	21,547,125	61,926,472

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
1,940,800 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Kotak Treasury Advantage Fund	19,200,000	-
36,576 (March 31, 2015: Nil) units of ₹ 1,000 each fully paid up of Kotak Floater Short Term- Daily Dividend Reinvestment	37,000,648	-
56,835 (March 31, 2015:94,582) units of ₹ 1,000 each fully paid up of L & T Liquid Fund Daily Dividend Reinvestment Plan	57,496,596	95,682,985
9,298,436 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Tata Short Term Bond Fund Plan - Fortnightly Div	128,797,678	-
36,604 (March 31, 2015: 39,994) units of ₹ 1,000 each fully paid up of UTI Treasury Advantage Fund-inst- Daily Dividend Reinvestment	36,689,228	40,086,832
Nil (March 31, 2015: 1,636) units of ₹ 1,000 each fully paid up of Axis Liquid Fund - Daily Dividend Reinvestment	-	1,636,185
36,425 (March 31, 2015: 63,196) units of ₹ 1,000 each fully paid up of Baroda Pioneer Liquid Fund - Plan A Daily Dividend Reinvestment	36,466,218	63,266,267
*320,467 (March 31, 2015: 1,00,291) units of ₹ 100 each fully paid up of Birla Sun Life Cash Plus Institutional Premium-Daily Dividend Regular Plan Reinvestment	32,109,201	10,048,638
13,364,450 (March 31, 2015: 9,275,641) units of ₹ 10 each fully paid up of Axis Short Term Fund - Monthly Dividend Reinvestment	136,336,104	94,490,931
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of Birla Sun Life Fixed Term Plan- Series KC(1099 days) - Growth Regular	10,000,000	10,000,000
32,783 (March 31, 2015: 4,664,385) units of ₹ 1,000 each fully paid up of HDFC Liquid Fund - Daily dividend Reinvestment	33,432,755	47,568,331
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of HDFC FMP 370D Feb 2014 - (1)- Series 29-Regular Growth	10,000,000	10,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of ICICI Prudential FMP Series 72-366 D Plan K Regular Plan - Growth	10,000,000	10,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of ICICI FMP Series 72-366 D Plan M Regular P - Growth	10,000,000	10,000,000
Nil (March 31, 2015: 4,014,130) units of ₹10 each fully paid up of IDFC Ultra Short Term Fund - Daily dividend Reinvestment	-	40,218,367
7,417,881 (March 31, 2015: 4,961,301) units of ₹ 10 each fully paid up of Kotak Bond Scheme (Short Term Plan) - Monthly Dividend Reinvestment	75,332,801	50,171,982
1,000,411 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXX - SERIES 9 - DIVIDEND PLAN	10,004,106	-
5,908,864 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Reliance Short Term Fund - Monthly Dividend Plan	64,539,362	-
Nil (March 31, 2015: 28,274) units of ₹ 1,000 each fully paid up of Reliance Liquidity Fund - Daily Dividend Reinvestment	-	28,288,135
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of 'Reliance FHF XXVII Ser 7 Growth	10,000,000	10,000,000
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXIV - Series 11 - Growth Plan	5,000,000	5,000,000
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXIV - Series 15 - Growth	5,000,000	5,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXV - Series 18 - Growth	10,000,000	10,000,000
29,052 (March 31, 2015: 22,147) units of ₹ 1,000 each fully paid up of SBI Premier Liquid Fund-Regular Plan - Daily Dividend Reinvestment	29,146,522	22,218,823
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of SBI Debt Fund Series - 366 days - 52 -Regular Plan Growth	10,000,000	10,000,000
	1,083,966,694	1,296,076,569

13. Trade receivables

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	69,202,355	60,625,935
Unsecured, considered doubtful	214,757,474	214,800,390
	283,959,829	275,426,325
Less: Provision for doubtful receivables	214,757,474	214,800,390
	69,202,355	60,625,935
Others		
Unsecured, considered good	876,602,743	586,927,445
Unsecured, considered doubtful	-	-
	876,602,743	586,927,445
Less: Provision for doubtful receivables	-	-
	876,602,743	586,927,445
	945,805,098	647,553,380

14. Inventories (valued at lower of cost and net realisable value)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Raw materials - security software devices [includes in transit of ₹ 248,822 (March 31 2015: ₹106,844)]	26,421,469	32,492,920
Finished goods - security softwares [includes in transit of ₹ 35,377 (31 March 2015: ₹ 4,954,803)]	40,267,157	45,930,206
	66,688,626	78,423,126

15. Cash and bank balances

	Non-current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Cash and cash equivalents				
Balances with banks:				
On Current account	-	-	401,708,483	123,474,302
On EEFC account	-	-	1,485,779	367,850
Deposits with original maturity of less than three months	-	-	750,000,000	-
Cheques on hand	-	-	12,000,000	-
Cash on hand	-	-	2,041,740	1,205,524
	-	-	1,167,236,002	125,047,676
Other bank balances				
Deposits with remaining maturity of less than twelve months	-	-	1,523,317,675	524,820
Deposits with remaining maturity of more than twelve months	1,999,913	1,236,318	-	827,093
	1,999,913	1,236,318	1,523,317,675	1,351,913
Amount disclosed under non-current assets (Refer note 11)	(1,999,913)	(1,236,318)	-	-
	-	-	2,690,553,677	126,399,589

Out of the total deposits, ₹ 23,491,428 (March 31, 2015: ₹ 1,300,965) are pledged against bank guarantees.

16. Other current assets

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Interest accrued on		
Fixed deposits	11,419,817	154,406
Inter-corporate loan (Refer note 34)	2,803,835	-
Other assets	311,286	1,460,036
Share issue expenses recoverable (Refer note 35)	4,506,483	-
	19,041,421	1,614,441

17. Revenue from operations (net)

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Revenue from operations		
Sale of security software products	3,380,135,643	2,858,513,221
Sale of software support services	560,499	2,641,820
Revenue from operations (gross)	3,380,696,142	2,861,155,041
Less: Excise duty	-	-
Revenue from operations (net)	3,380,696,142	2,861,155,041

18. Other income

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Interest income on		
Bank deposits	12,638,694	3,581,939
Others	2,981,806	212,411
Dividend income on current investments	47,828,273	63,615,353
Net gain on sale of current investments	19,336,419	13,728,730
Foreign exchange gains (net)	5,218,381	-
Profit on sale of fixed assets (net)	-	567,182
Miscellaneous income	10,039,196	510,523
	98,042,769	82,216,138

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

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
19(a) Cost of raw materials consumed		
Inventory at the beginning of the year	32,492,920	29,421,856
Add: Purchases	33,528,161	24,884,999
Less: Inventory as at end of the year	26,421,469	32,492,920
	39,599,612	21,813,935
19(b) Purchase of security software products		
Security software products	123,366,764	149,036,439
	123,366,764	149,036,439
19(c)(Increase)/decrease in security software products		
Inventory at the beginning of the year	45,930,206	32,864,570
Inventory as at end of the year	40,267,157	45,930,206
	5,663,049	(13,065,636)
	168,629,425	157,784,738

20. Employee benefits expenses

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Salaries, wages and bonus	800,451,617	584,985,893
Contribution to provident fund and other fund	29,130,716	17,923,057
Gratuity expenses (Refer note 24)	11,814,289	16,980,570
Staff welfare expenses	21,255,585	19,919,001
Employee stock compensation expenses (Refer note 25)	1,498,229	1,275,168
	864,150,436	641,083,689

21. Depreciation and amortisation expense

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Depreciation on tangible assets (Refer note 7.1)	191,060,987	113,122,519
Amortization of intangible assets (Refer note 7.2)	46,050,252	88,881,008
	237,111,239	202,003,527

22. Other expenses

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Web publishing expenses	90,337,374	89,019,957
Technology subscription charges	59,549,160	37,226,236
Fees for technical services	110,999,029	119,234,189
Power and fuel	33,315,307	19,616,369
Rent (Refer note 26)	32,470,774	31,976,781
Rates and taxes	9,337,704	11,387,763
Insurance	12,444,692	2,610,509
Repairs and maintenance		
Buildings	12,617,022	4,991,002
Others	14,390,988	11,026,168
Corporate Social Responsibility expenditure (Refer note 28)	10,640,000	2,425,501
Sales incentive	236,337,773	223,671,869
Commission to Independent Directors	1,600,000	-
Directors' sitting fees	308,250	-
Business promotion expenses	194,975,842	134,525,567
Advertising and sales promotion	253,955,291	288,085,012
Freight and forwarding charges	6,467,075	8,164,351
Traveling and conveyance	43,724,432	36,332,773
Communication costs	51,718,518	30,091,464
Office expenses	55,325,165	29,001,741
Donations		
Donation to others	378,049	842,600
Donation to political parties (Refer details below)	-	2,500,000
Legal and professional fees	65,427,122	24,803,524
Payment to statutory auditor (Refer details below)	5,716,894	3,664,465
Foreign exchange loss (net)	-	3,158,575
Fixed assets written off	-	78,771
Provision for doubtful debts and advances	3,357,032	15,143,065
Loss on sale of fixed assets (net)	18,083	-
Bad debts written off	2,108,067	3,003,689
Miscellaneous expenses	15,756,378	11,661,142
	1,323,276,021	1,144,243,080

Payment to auditor *

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
As auditor:		
Audit fees	3,092,219	3,411,939
In other capacity:		
Other services (certification)	2,565,016	141,146
Reimbursement of expenses	59,659	111,380
	5,716,894	3,664,465

* Net off IPO fees adjusted against security premium

Donation to political parties

Name of the party to which such amount has been contributed	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Bhartiya Janta Party	-	1,500,000
Shivsena	-	1,000,000
Total amount contributed	-	2,500,000

23. Earnings per share

The following reflect the profit and shares data used in the basic and diluted EPS computation:

		For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Numerator for basic and diluted EPS:			
Net profit after tax (in ₹)	(A)	583,997,003	538,043,791
Denominator for basic EPS:			
Weighted average number of equity shares (in numbers)	(B)	62,347,488	61,069,688
Denominator for diluted EPS:			
Weighted average number of equity shares in calculating basic EPS	(C)	62,347,488	61,069,688
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(D)	18,319	865,793
Weighted average number of equity shares in calculating diluted EPS	E = (C + D)	62,365,807	61,935,481
Basic and diluted earning per share of face value of ₹ 10 each (in ₹)	(A/B)	9.37	8.81
Diluted Earnings per share of face value of ₹ 10 each (in ₹)	(A/E)	9.36	8.69

24. Gratuity**Holding Company**

The Holding Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the consolidated balance sheet for the gratuity plan.

Consolidated statement of profit and loss**Net employee benefit expense recognized in the employee cost:**

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Current service cost	10,286,954	9,542,629
Interest cost on defined benefit obligation	2,717,353	1,654,860
Expected return on plan assets	(1,762,103)	(1,298,188)
Net actuarial loss recognized in the year	572,085	7,081,269
Net benefit expense	11,814,289	16,980,570
Actual return on plan assets	1,339,007	1,023,910

Consolidated balance sheet**Benefit assets / (liability)**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Present value of defined benefit obligation	(47,301,508)	(35,527,498)
Fair value of plan assets	23,961,210	18,839,053
Plan asset/(liability)	(23,340,298)	(16,688,445)

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Opening defined benefit obligation	35,527,498	18,847,536
Interest cost	2,717,353	1,654,860
Current service cost	10,286,954	9,542,629
Benefits paid	(1,379,286)	(1,324,518)
Actuarial losses on obligation	148,989	6,806,991
Closing defined benefit obligation	47,301,508	35,527,498

Changes in the fair value of plan assets are as follows:

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Opening fair value of plan assets	18,839,053	11,033,489
Expected return on plan assets	1,762,103	1,298,188
Contributions by employer	5,162,436	8,106,172
Benefits paid	(1,379,286)	(1,324,518)
Actuarial losses on plan assets	(423,096)	(274,278)
Closing fair value of plan assets	23,961,210	18,839,053

The Company expects to contribute ₹ 23,340,298 to gratuity in the next year (March 31, 2015: ₹16,688,445).

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

Nature of plan assets	As at March 31, 2016	As at March 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	For the year ended March 31, 2016 %	For the year ended March 31, 2015 %
Discount rate	7.80	7.80
Expected rate of return on plan assets	9.00	9.00
Employee turnover	15.00	15.00
Expected rate of increment in compensation levels		
- First two years	12.00	12.00
- Thereafter	9.00	9.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no change in expected rate of return on assets.

Amounts for the current and previous four years are as follows:

	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2014 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Defined benefit obligation	47,301,508	35,527,498	18,847,536	12,819,162	10,534,967
Plan assets	23,961,210	18,839,053	11,033,489	7,031,510	5,906,204
Surplus/ (deficit)	(23,340,298)	(16,688,445)	(7,814,047)	(5,787,652)	(4,628,763)
Experience adjustments on plan liabilities (loss)/ gain	(148,989)	(3,060,778)	(1,844,824)	(85,635)	215,239
Experience adjustments on plan assets (loss)/ gain	(423,096)	(274,278)	57,850	26,852	43,179

25. Employee stock option plan

Holding Company

The Company provides share-based payment schemes to its employees. During the year ended March 31, 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

i. Details of Employee stock option plan

Employee Stock Option Plan, 2010 (ESOP 2010)

On June 10, 2010, the Board of Directors approved the Equity Settled ESOP Scheme 2010 for issue of stock options to the employees and directors of the Company. According to the ESOP 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:

ii. The Company has provided the 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 listing or date of vesting, whichever is later
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

iii. The vesting pattern of the scheme is as follows:

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

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

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,467,016	47.69	1,384,944	41.91
Granted during the year	-	-	122,000	110.00
Forfeited during the year	13,320	37.50	39,928	37.50
Exercised during the year	1,107,703	40.88	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	345,993	69.91	1,467,016	47.69
Exercisable at the end of the year	202,493	-	1,267,016	-

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

	As at March 31, 2016	As at March 31, 2015
Exercise price (₹)	37.50 - 110.00	37.50 - 110.00
Number of options outstanding	345,993	1,467,016
Weighted average remaining contractual life of options (in years)	5.52	6.59
Weighted average exercise price (₹)	69.91	47.69

Employee Stock Option Plan, 2014 (ESOP 2014)

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

v. The Company has provided the 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 listing or date of vesting, whichever is later
Expected life (in years)	
Grant IV	3.95 - 6.50
Grant V	3.64 - 6.50
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Fair value of shares on date of grant	₹ 115.24 - ₹ 119.00
Vesting conditions	Continued employment and performance of employee as per contract

vi. The vesting pattern of the scheme is as follows:

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

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

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	369,900	110.00	-	-
Granted during the year	210,000	115.22	369,900	110.00
Forfeited during the year	34,099	111.69	-	-
Exercised during the year	64,476	110.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	481,325	112.16	369,900	110.00
Exercisable at the end of the year	19,650	-	-	-

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

	As at March 31, 2016	As at March 31, 2015
Exercise price (₹)	110.00 - 119.00	110.00
Number of options outstanding	481,325	369,900
Weighted average remaining contractual life of options (in years)	6.71	7.10
Weighted average exercise price (₹)	112.16	110.00

viii. Stock options granted:

The weighted average fair value of stock options granted during the year was ₹ 27.13 (March 31, 2015: 31.43). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average share price (₹)	115.22	115.16
Exercise price (₹)	110.00 - 119.00	110.00
Expected volatility (%)	0%	0%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) in years	3.50 - 6.50 Years	3.98 - 6.50 Years
Average risk-free interest rate (%)	7.67%	8.82%
Dividend yield	6.41%	1.35%

ix. Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2016 amounted to ₹ 1,498,229 (March 31, 2015: ₹ 1,275,168). The liability for employee stock options outstanding as at March 31, 2016 is ₹ 2,061,640 (March 31, 2015: ₹ 1,370,453).

x. Proforma disclosures by applying fair value method

The Company measures the cost of ESOP using the intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by the ICAI, the impact on reported net profit and earnings per share by applying the fair value method is set out as follows:

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Profit after tax as reported	583,997,003	538,043,791
Add: Employee stock compensation under intrinsic value method	1,498,228	1,275,168
Less: Employee stock compensation under fair value method	4,368,698	5,724,855
Proforma profit after tax	581,126,533	533,594,104
Earnings per share		
Basic:		
- As reported	9.37	8.81
- Proforma	9.32	8.74
Diluted:		
- As reported	9.36	8.69
- Proforma	9.32	8.62

26. Leases**Operating lease: Group as lessee**

The Group has obtained office premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease arrangements. There are no subleases. The details are as follows:

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Lease rent recognized in consolidated statement of profit and loss	32,470,774	31,976,781

Finance lease: Group as lessee

The Group has finance leases contracts for building purchased in the previous year. 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.

27. Segment information**Primary segment**

The Group is engaged in providing security software solutions. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Group has structured its operations into one business segment.

Geographical segment

Secondary segment reporting is performed on basis of operations of the group in various continents.

Revenue from operations

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Within India	3,280,025,469	2,784,178,575
Outside India	100,670,673	76,976,466
Total	3,380,696,142	2,861,155,041

Segment Assets

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Within India	7,023,170,070	4,186,398,189
Outside India	130,810,824	93,305,487
Total	7,153,980,894	4,279,703,676

Other assets and liabilities used in the Company's business or liabilities contracted cannot be identified to any geographical segment as all these assets are situated in India.

28. Corporate Social Responsibility expenditure

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Gross amount required to be spent by the Company during the year	19,996,326	13,818,917

	For the year ended March 31, 2016			For the year ended March 31, 2015		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
(b) Amount spent during the year						
1 For the purpose of Education and Social Activity	10,640,000	-	10,640,000	2,425,501	-	2,425,501

29. Related party disclosures

i. Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year	
Key management personnel	i. Kailash Katkar, Managing Director and Chief Executive Officer
	ii. Sanjay Katkar, Managing Director and Chief Technical Officer
	iii. Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing
	iv. Rajesh Ghonasgi, Chief Financial Officer
	v. Vijay Shirode, Company Secretary
Relatives of key management personnel	i. Anupama Katkar (wife of Kailash Katkar)
	ii. Chhaya Katkar (wife of Sanjay Katkar)
Enterprises owned by directors or major shareholders	i. Kailash Sahebrao Katkar HUF
	ii. Sanjay Sahebrao Katkar HUF
	iii. Quick Heal Foundation

ii. Transactions with related parties:

Nature of transaction	Name of the related party	For the year ended	
		March 31, 2016 ₹	March 31, 2015 ₹
Remuneration	Kailash Katkar	11,440,000	10,020,000
	Sanjay Katkar	11,440,000	10,020,000
	Abhijit Jorvekar	11,920,800	8,393,200
	Anupama Katkar	2,780,000	2,550,000
	Rajesh Ghonasgi	14,776,000	9,338,333
	Vijay Shirode	1,816,000	917,600
		54,172,800	40,321,533
Rent	Kailash Katkar	960,000	960,000
	Anupama Katkar	246,569	224,233
	Chhaya Katkar	246,569	224,233
	Kailash Sahebrao Katkar HUF	821,893	747,477
	Sanjay Sahebrao Katkar HUF	821,893	747,477
		3,096,924	2,903,420
Corporate social responsibility contribution	Quick Heal Foundation	10,640,000	2,353,501
		10,640,000	2,353,501
ESOP exercise	Rajesh Ghonasgi	2,502,500	-
	Abhijit Jorvekar	6,035,000	-
		8,537,500	-
IPO expenses incurred on behalf of directors and recoverable/ recovered from them:	Kailash Katkar	37,238,575	-
	Sanjay Katkar	37,238,575	-
		74,477,150	-

Nature of transaction	Name of the related party	For the year ended	
		March 31, 2016	March 31, 2015
		₹	₹
Proposed final equity dividend	Kailash Katkar	51,278,460	-
	Sanjay Katkar	51,278,460	-
	Anupama Katkar	12,509,940	-
	Chhaya Katkar	12,509,940	-
	Rajesh Ghonasgi	66,411	-
		127,643,211	-
Interim dividend declared and paid	Kailash Katkar	147,519,134	20,116,246
	Sanjay Katkar	147,519,134	20,116,246
	Anupama Katkar	33,026,242	4,503,578
	Chhaya Katkar	33,026,242	4,503,578
		361,090,752	49,239,648

iii. Balances outstanding:

	Name of the related party	As at	
		March 31, 2016	March 31, 2015
		₹	₹
Remuneration payable*	Kailash Katkar	562,800	1,447,800
	Sanjay Katkar	565,000	1,450,000
	Abhijit Jorvekar	346,000	313,829
	Anupama Katkar	166,100	3,85,800
	Rajesh Ghonasgi	426,000	453,000
	Vijay Shirode	81,000	72,800
		2,146,900	4,123,229
Rent payable	Anupama Katkar	6,291	17,968
	Chhaya Katkar	6,291	17,968
	Kailash Sahebrao Katkar HUF	20,963	59,895
	Sanjay Sahebrao Katkar HUF	20,963	59,895
		54,508	155,726
Advance receivable from key management personnel	Kailash Katkar	372,808	-
	Sanjay Katkar	231,786	-
	Abhijit Jorvekar	321,140	187,518
	Rajesh Ghonasgi	159,003	-
		1,084,737	187,518
IPO expenses receivable	Kailash Katkar	1,306,609	-
	Sanjay Katkar	1,306,609	-
		2,613,218	-
Proposed final equity dividend payable	Kailash Katkar	51,278,460	-
	Sanjay Katkar	51,278,460	-
	Anupama Katkar	12,509,940	-
	Chhaya Katkar	12,509,940	-
	Rajesh Ghonasgi	66,411	-
		127,643,211	-
Interim dividend Payable	Kailash Katkar	-	147,519,134
	Sanjay Katkar	-	147,519,134
	Anupama Katkar	-	33,026,242
	Chhaya Katkar	-	33,026,242
		-	361,090,752

* The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration and perquisites on account of ESOP to key managerial personnel does not include employee stock compensation expense.

30. Capital and other commitments

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Capital Commitment:		
Estimated amount of contracts remaining to be executed on capital account and not provided	21,609,454	201,575,269
Other Commitment:		
Commitments in relation to investment in Smartalyse Technologies Private Limited (Refer note A)	30,000,000	-

Note A

The Holding Company has entered into an agreement for making an investment of ₹ 60,000,000 in equity shares of Smartalyse Technologies Private Limited ("Smartalyse") by way of two tranches of ₹ 30,000,000 each. The Group has already made an investment of ₹ 30,000,000 in Smartalyse which has been disclosed under 'Non-current investments'. The second tranche of investment will be made within a period of 9 months from the date of the execution of the agreement (i.e. November 3, 2015) upon satisfaction of certain terms and conditions as enunciated in the agreement.

Note B

For lease related commitments refer note 26.

31. Contingent liabilities**(A) Contingent liabilities**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	560,705,595	627,305,953
Service tax [Note (ii)]	285,354,034	-
Kerala Value Added Tax [Note (iii)]	154,326	154,326
Income tax [Note (iv)]	3,504,300	3,504,300
Total	849,718,255	630,964,579

Notes:

- i. During the current year, the Company received a statement of demand dated January 28, 2016 in relation to the show cause notice of service tax for ₹ 560,705,595 (excluding penalty of ₹ 560,715,595) for the period from March 01, 2011 to March 31, 2014 on supply of anti-virus software in Compact Disk issued by Additional Director General, New Delhi. The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi against the said demand. Based on recent technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision have been considered necessary in this regards and also for the subsequent period till March 31, 2016.
- ii. During the current year, the Company received statement of demand dated January 25, 2016, in relation to Service tax of ₹ 285,354,034 (excluding interest and penalties) for the period April 01, 2014 to March 31, 2015 on supply of anti-virus replicated CDs/DVDs along with license keys through dealers/ distributors to end customers in India issued by Principal Commissioner of Service tax, Pune. The Company is in the process of filing a reply against the said notice with appropriate authority. Based on recent technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision have been considered necessary in this regards and also for the subsequent period till March 31, 2016.

Based on the grounds mentioned in point (i) and (ii) above, the Company has not recognised provision for liability in the financial statements in relation to the potential consequential liability for service tax for the period April 1, 2015 to March 31, 2016.

- iii. During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for ₹ 154,326 (VAT ₹ 130,785; Interest ₹ 23,541 and excluding penalty) on the ground of dispute in the stock transfer of anti-virus products transferred to the Branch. The Company had appealed the same before the first level appellate authority and the management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2016 and as at March 31, 2015.
- iv. This represents disputed income tax demand of ₹ 3,504,300 (including interest of ₹ 361,467 and excluding penalty) under section 156 of the Income-tax Act, 1961 related to A.Y. 2010-11. The Company has filed appeals against assessment order with relevant authorities. The management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2016 and as at March 31, 2015.

(B) Other litigation

- i) One of the erstwhile distributor of the Company, had filed a title suit in February 2016 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 Company is seeking dismissal of the said Title Suit.
- ii) In February 2016, certain individuals who are relative of one of the erstwhile distributor instituted a suit before the City Civil Court, Calcutta claiming ownership of certain shares of the Company.
- iii) In February 2016, one of the erstwhile distributor instituted a suit at High Court, Calcutta against the Company and others claiming ₹ 16,100 million for various reasons including loss of business profits, loss of capital assets and infrastructure etc.

With respect to the above matters, the Company believes that the suits are frivolous and is seeking dismissal of the suits. The Company also believes that they have a sufficient and strong arguments on facts as well as on point of law and accordingly no provision in this regard has been recognised in the financial results..

- iv) The Director of one of the erstwhile vendor had filed a First information Report (FIR) in June 2014 at Baddi Police Station, Himachal Pradesh, against certain directors and employees of the Company. The police investigated the case and came to the conclusion that there was no truth to the allegations in the FIR. The director of one of the erstwhile vendor subsequently filed a writ petition before the Himachal Pradesh High Court against the State of Himachal Pradesh and others against the said finding of the police.

32. Particulars of unhedged foreign currency exposures as at the balance sheet date

	As at March 31, 2016			As at March 31, 2015		
	Foreign currency	In foreign currency	In Indian Rupees	Foreign currency	In foreign currency	In Indian Rupees
Bank balances	USD	22,463	1,485,779	USD	5,883	367,850
Cash balances	EUR	4,031	301,622	EUR	1,415	96,012
	USD	1,389	91,880	USD	1,596	99,826
	AED	3,176	57,183	AED	-	-
	BDT	15,310	12,665	BDT	-	-
	ZAR	662	2,907	ZAR	662	3,422
	AUD	1,071	54,192	AUD	971	46,663
	ETB	1,112	3,393	ETB	1,112	3,369
	IDR	25,000	125	IDR	25,000	119
	JPY	75,203	44,221	JPY	8,000	4,181
	KES	1,517	973	KES	317	211
	MYR	373	6,254	MYR	373	6,280
	SGD	613	29,985	SGD	34	1,538
	HKD	600	5,117	HKD	-	-
	GBP	600	57,118	GBP	-	-
	THB	826	1,547	THB	826	1,583
Trade receivable	USD	751,971	49,654,932	USD	331,211	20,730,767
	JPY	36,591,381	21,515,732	JPY	-	-
	AED	696,313	12,535,870	AED	-	-
	KES	50,089,154	32,117,166	KES	-	-
	AUD	4,694	237,594	AUD	3,028	145,584
Trade payables	USD	2,700	179,818	USD	23,077	1,444,492
	NPR	-	-	NPR	80,569	50,355
Advances receivable/ (payable)	USD	177	12,086	USD	500	31,295
Advances receivable from Key managerial personnel	AED	4,440	79,934	-	-	-
	GBP	200	19,039	-	-	-
	HKD	200	1,706	-	-	-
	JPY	95,135	55,941	-	-	-
	SGD	200	9,778	-	-	-
	USD	13,667	903,974	-	-	-

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

There are no amounts as at March 31, 2016 (March 31, 2015: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006.

As at March 31, 2016 and previous year March 31, 2015, the disclosure has been made on the basis of intimation provided by the supplier to the Group.

34. Disclosure required under Sec 186(4) of the Companies Act 2013

Included in loans and advance is an inter-corporate loan the particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013.

Name of the loanee	Rate of interest	Due date	Secured/ unsecured	As at March 31, 2016	As at March 31, 2015
Wegilant Net Solutions Private Limited	14% p.a	12 months from date of loan given	Unsecured	35,000,000	-

The loan has been utilized for meeting their working capital requirements and for their business operations.

35. Share issue expenses recoverable

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

Share issue expenses

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

36. Utilization of money raised through public issue

During the year ended March 31, 2016, the company has raised ₹ 4,512,527,799 through public issue, specifically to meet the following objects of the Offer:

	Fund allocated to the activities as per prospectus ₹	Actual utilization up to March 31, 2016 ₹	Unutilized money as on March 31, 2016 ₹
Advertising and sales promotion	1,110,000,000	-	1,110,000,000
Capital expenditure on research and development	418,800,000	5,790,000	413,010,000
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275,950,000	19,560,000	256,390,000
General corporate purposes	537,760,000	-	537,760,000
Total	2,342,510,000	25,350,000	2,317,160,000

Utilisation of IPO proceeds:

	Amount ₹
Proceeds from IPO *	4,512,527,799
Less: Paid to selling shareholders	2,012,528,118
Sub-total (A)	2,499,999,681
Share issue expenses (accrual basis)	297,506,492
Less: Recoverable/recovered from selling shareholders	125,069,620
Sub-total (B)	172,436,872
Net proceeds (A-B)	2,327,562,809

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

Details of short-term investments made from unutilized portion of public issue raised during the year ended March 31, 2016:

	Amount ₹
Investments in fixed deposits of banks	2,250,000,000
Balance in current accounts	67,160,000
Total	2,317,160,000

37. Delay in filing of Form FC-GPR

During the current year there is an un-intentional delay in reporting of foreign inward remittances and filing of form FC-GPR in respect of the shares allotted to non-resident shareholders in the Form FC _ GPR as required under the FDI Regulations of FEMA 1999, which was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). The said Form FC _ GPR has been submitted for filing by the Company to AD, as on the date of this certificate.

38. Previous year figures

Previous year's figures have been regrouped, where necessary, to conform to current year's classification.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

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

Kailash Katkar

Managing Director

& Chief Executive Officer

DIN: 00397191

Rajesh Ghonasgi

Chief Financial Officer

Sanjay Katkar

Managing Director

& Chief Technical Officer

DIN: 00397277

Vijay Shirode

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of
Quick Heal Technologies Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Quick Heal Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 31A (i) and (ii) to the financial statements wherein it is stated that the Company has received statement of demands of service tax under the provision of Finance Act, 1994 for ₹ 846,059,629 (excluding penalty of ₹ 560,715,595 stated in one of demands) for the period from March 01, 2011 to March 31, 2015 and as more fully discussed therein and based on matter stated therein including legal opinion obtained by the Company, no provision has been considered by the management in these financial statements including similar liability for the subsequent period till March 31, 2016.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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 written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements _ Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

INDEPENDENT AUDITOR'S REPORT

Annexure 1 referred to in paragraph 1 under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date.

Re: Quick Heal Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of loans and advances given, investments made have been complied with by the company. Further, the Company has not given guarantee or provided security to which the provisions of section 186 of the Act apply.
- (v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products and services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases with respect to tax deducted at source and professional tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Tax on account of valuation of closing stock	1,751,300 (Net of 1,753,000 paid under protest)	FY 2009-10	Commissioner of Income-tax (Appeals)
The Income Tax Act, 1961	Tax on account of disallowance of expenses on 14A	936,021*	FY 2011-12	Commissioner of Income-tax (Appeals)
The Finance Act, 1994	Service tax on supply of licences to end customers*	560,705,595	March 1, 2011 to March 31, 2014	Additional Director General (Adjudication), New Delhi

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax on supply of licences to end customers*	285,354,034	FY 2014-15	Principal Commissioner of Service tax, Pune
The Kerala Value Added Tax Act, 2003	Value added tax on stock transfer	107,636 (Net of 46,690 paid under protest)	FY 2012-13	Deputy Commissioner of Appeals (Commercial Tax), Kochi

* Excludes interest and penalty, if any, thereon.

- (viii) In our opinion and according to the information and explanations given by the management, the Company did not have any outstanding dues in respect of financial institution, bank, government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of initial public offer has been applied for the purpose for which they were obtained, though idle funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle funds invested during the year was ₹ 2,317,160,000, of which ₹ 2,317,160,000 was outstanding at the end of the year. According to the information and explanations given by the management, the Company has not raised any money by way of term loans.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

INDEPENDENT AUDITOR'S REPORT

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date

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

We have audited the internal financial controls over financial reporting of **Quick Heal Technologies Limited** ("the Company") as of March 31, 2016 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March

31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

BALANCE SHEET

as at March 31, 2016

	Notes	March 31, 2016 ₹	March 31, 2015 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	700,300,280	610,696,880
Reserves and surplus	4	5,475,330,126	2,765,605,099
		6,175,630,406	3,376,301,979
Current liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	5	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5	528,053,601	369,211,632
Other current liabilities	5	142,279,063	74,589,639
Short-term provisions	6	409,637,586	516,692,060
		1,079,970,250	960,493,331
Total		7,255,600,656	4,336,795,310
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7.1	1,321,545,441	1,001,083,040
Intangible assets	7.2	93,735,956	108,543,147
Capital work-in-progress		550,206,156	737,413,770
Non-current investments	8	164,195,821	93,093,071
Deferred tax assets (net)	9	71,642,243	48,504,823
Loans and advances	10	181,150,221	175,866,104
Other non-current assets	11	1,999,913	1,236,318
		2,384,475,751	2,165,740,273
Current assets			
Current investments	12	1,083,966,694	1,296,076,569
Inventories	14	53,680,889	69,618,324
Trade receivables	13	991,100,240	676,571,726
Cash and bank balances	15	2,630,567,349	73,431,414
Loans and advances	10	92,768,312	53,742,563
Other current assets	16	19,041,421	1,614,441
		4,871,124,905	2,171,055,037
Total		7,255,600,656	4,336,795,310
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

For and on behalf of the Board of Directors of Quick Heal Technologies Limited**Kailash Katkar**Managing Director
& Chief Executive Officer
DIN: 00397191**Sanjay Katkar**Managing Director
& Chief Technical Officer
DIN: 00397277**Rajesh Ghonasgi**

Chief Financial Officer

Vijay Shirode

Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Notes	March 31, 2016 ₹	March 31, 2015 ₹
Income			
Revenue from operations (gross)	17	3,344,678,430	2,840,674,279
Less: Excise duty		-	-
Revenue from operations (net)		3,344,678,430	2,840,674,279
Other income	18	93,471,689	81,830,057
Total revenue		3,438,150,119	2,922,504,336
Expenses			
Cost of raw materials consumed	19(a)	12,795,986	20,869,642
Purchase of security software products	19(b)	120,547,936	137,146,517
(Increase)/decrease in security software products	19(c)	10,254,273	(11,443,649)
Employee benefits expense	20	832,802,027	625,543,423
Depreciation and amortisation expense	21	236,778,949	201,829,770
Other expenses	22	1,294,880,717	1,125,487,047
Total expenses		2,508,059,888	2,099,432,750
Profit before tax		930,090,231	823,071,586
Tax expenses			
Current tax		324,614,000	269,305,600
Deferred tax		(23,137,420)	(9,231,885)
Total tax expense		301,476,580	260,073,715
Profit for the year		628,613,651	562,997,871
Earnings per equity share			
[nominal value of share ₹ 10 (March 31, 2015: ₹ 10)]	23		
Basic (in ₹)		10.08	9.22
Diluted (in ₹)		10.08	9.09
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

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

Kailash Katkar

Managing Director
& Chief Executive Officer
DIN: 00397191

Rajesh Ghonasgi

Chief Financial Officer

Sanjay Katkar

Managing Director
& Chief Technical Officer
DIN: 00397277

Vijay Shirode

Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2016

	March 31, 2016 ₹	March 31, 2015 ₹
A. Cash flows from operating activities		
Profit before tax	930,090,231	823,071,586
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	236,778,949	201,829,770
Interest income	(15,618,958)	(3,794,049)
Provision for doubtful debts and advances	3,357,032	11,725,450
Bad debts written off	2,108,067	3,003,689
(Profit)/ loss on sale of fixed assets (net)	19,035	(567,182)
Fixed assets written off	-	78,771
Employee stock compensation expense	1,498,229	1,275,168
Dividend income	(47,828,273)	(63,615,353)
Foreign exchange loss/(gain)	(3,024,073)	751,205
Net(gain) on sale of investments	(19,336,419)	(13,728,730)
Operating profit before working capital changes	1,088,043,820	960,030,325
Movements in working capital:		
(Increase)/ decrease in trade receivables	(316,969,540)	17,034,285
Decrease/ (increase) in inventories	15,937,435	(15,459,006)
(Increase)/ decrease in short-term loans and advances	(39,025,749)	6,978,101
Increase/ (decrease) in long-term loans and advances	159,738	(1,865,613)
(Increase)/ decrease in other current assets	(3,357,733)	122,160
Increase in short-term provisions	1,547,941	12,407,664
Increase in trade payables	158,841,969	82,962,615
Increase in other current liabilities	68,884,486	16,104,714
Cash generated from operations	974,062,367	1,078,315,245
Direct taxes paid (net of refunds)	(160,729,042)	(297,198,818)
Net cash flow from operating activities (A)	813,333,325	781,116,427
Cash flows from investing activities		
Purchase of tangible and intangible assets (including capital work-in-progress and capital advances)	(360,361,494)	(660,749,562)
Proceeds from sale of tangible and intangible assets	386,850	1,047,104
Investments in wholly-owned subsidiaries	(41,102,750)	(48,472,131)
Investments in non-current investments (other)	(30,000,000)	(4,149,992)
Purchase of current investments	(2,066,701,811)	(2,771,762,681)
Sale of current investments	2,298,148,105	2,803,177,325
Investment in bank deposits (having remaining maturity of more than three months)	(1,522,729,357)	39,962,140

	March 31, 2016 ₹	March 31, 2015 ₹
Interest received	1,549,711	3,688,555
Dividends received	47,828,273	63,615,353
Net cash (used in) investing activities (B)	(1,672,982,473)	(573,643,889)
Cash flows from financing activities		
Dividend paid on equity shares	(403,059,941)	(149,547,536)
Tax on equity dividend paid	(82,053,520)	(25,415,603)
Proceeds from issuance of equity shares (including securities premium and net of share issue expenses)	2,327,562,809	-
Proceeds from exercise of employee stock options (including securities premium)	52,369,973	-
Net cash flow from / (used in) financing activities (C)	1,894,819,321	(174,963,139)
Net increase in cash and cash equivalents (A + B + C)	1,035,170,173	32,509,399
Cash and cash equivalents at the beginning of the year	72,079,501	39,570,102
Cash and cash equivalents at the end of the year	1,107,249,674	72,079,501
Components of cash and cash equivalents:		
Cash on hand	1,955,076	1,139,388
Balances with banks		
On Current account	341,808,819	70,572,263
Deposits with original maturity of less than three months	750,000,000	-
Cheques on hand	12,000,000	-
On EEFC account	1,485,779	367,850
Total cash and cash equivalent (Refer note 15)	1,107,249,674	72,079,501
Summary of significant accounting policies	2.1	

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

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

Kailash Katkar

Managing Director
& Chief Executive Officer
DIN: 00397191

Rajesh Ghonasgi

Chief Financial Officer

Sanjay Katkar

Managing Director
& Chief Technical Officer
DIN: 00397277

Vijay Shirode

Company Secretary

NOTES FORMING PART OF STANDALONE

financial statements for the year ended March 31, 2016

1. Corporate information

Quick Heal Technologies Limited ("the Company") is a public company domiciled in India and incorporated on August 7, 1995 under the Companies Act, 1956. The CIN number of the Company is U72200MH1995PLC091408. The Company is engaged in the business of providing security software products. The Company caters to both domestic and international market.

Pursuant to Initial Public Offering (IPO), 14,057,719 equity shares of ₹ 10 each were allotted at a price of ₹ 321 per equity share consisting of fresh issue of 7,788,161 equity shares and offer for sale of 6,269,558 equity shares by the selling shareholders. The equity shares of the Company were listed on the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') w.e.f. February 18, 2016. The Company has incurred expenses of ₹ 172,436,872 related to fresh issue of equity shares which has been adjusted against securities premium account in terms of Section 52 of the Companies Act, 2013.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. When significant parts of fixed assets are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets 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 fixed assets.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10	25.89%
Office equipment	5	5	45.07%
Server	6	6	39.30%
Vehicles	8	8	31.23%

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

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets i.e. softwares are amortized on a straight line basis over the period of expected future benefits i.e. over their estimated useful lives of three years. Intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies."

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds

and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development costs

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

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

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

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

Type of assets	Life (years)
Software	3

(e) Impairment of tangible and intangible 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) net selling price and its value in use. The recoverable

amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 net selling price, recent market transactions are taken into account, if transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(f) Leases

Where the Company is a lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement

of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories is not written down below cost of the finished product in which they will be incorporated are expected to be sold at or above cost. Cost of raw material is determined on a weighted average basis.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost of finished goods includes excise duty, whenever applicable. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Costs is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices

Revenue from sale of security software products and devices is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Sale of mobile security product with insurance

Revenue from sale of mobile security products is recognized (net of insurance premium collected on behalf of insurer agency) when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(iii) Income from services

Revenues from support services are recognized as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iv) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate of applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(v) Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is included under the head "other income" in the statement of profit and loss.

(j) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates at the date when the values were determined.

(iii) Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items are recognized as income or expenses in the year in which they arise.

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the recognizes provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contributions already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

The Company operates a defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gain and losses for the defined benefit plan is recognized in full in the period in which it occurred in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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.

(l) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing

differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Employee stock compensation cost

Employees (including senior executives) of the company receive remuneration in the form of share based payment transactions, whereby

employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized 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 expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(n) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

(o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(r) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

(s) Corporate social responsibility expenditure

Corporate social responsibility expenditure are charged to the statement of profit and loss as an expense in the year in which they are incurred.

3. Share capital

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Authorized shares		
75,000,000 (March 31, 2015: 75,000,000) equity shares of ₹ 10 each	750,000,000	750,000,000
	750,000,000	750,000,000
Issued, subscribed and fully paid-up shares		
70,030,028 (March 31, 2015: 61,069,688) equity shares of ₹ 10 each	700,300,280	610,696,880
Total issued, subscribed and fully paid-up share capital	700,300,280	610,696,880

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

	As at March 31, 2016		As at March 31, 2015	
	No.	₹	No.	₹
At the beginning of the year	61,069,688	610,696,880	61,069,688	610,696,880
Issued during the year				
- Employee stock option plan (ESOP)	1,172,179	11,721,790	-	-
- Initial public offer (IPO) #	7,788,161	77,881,610	-	-
Outstanding at the end of the year	70,030,028	700,300,280	61,069,688	610,696,880

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

(b) Terms / rights attached to equity shares

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

During the year ended March 31, 2016 the amount of per share dividend recognised as distribution to equity shareholders is ₹ 2.50 (March 31, 2015 : ₹ 7.50)

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

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

None.

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

	As at March 31, 2016 No.	As at March 31, 2015 No.
Equity shares allotted as fully paid up bonus shares by utilisation of security premium and surplus in statement of profit and loss account during the financial year ended March 31, 2014	53,435,977	53,435,977

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

	As at March 31, 2016		As at March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid up				
Kailash Katkar	20,511,384	29.29%	22,351,384	36.60%
Sanjay Katkar	20,511,384	29.29%	22,351,384	36.60%
Anupama Katkar	5,003,976	7.15%	5,003,976	8.19%
Chhaya Katkar	5,003,976	7.15%	5,003,976	8.19%
Sequoia Capital India Investment Holdings III	3,665,410	5.23%	3,752,984	6.15%

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

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 25.

4. Reserves and surplus

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Securities premium account		
Balance as per the last financial statements	-	-
Add: Additions on ESOPs exercised	40,648,183	-
Add: Additions on fresh issue of equity shares	2,422,118,071	-
Add: Transferred from stock options outstanding account	807,042	-
Less: Share issue expenses (Refer note 40)	172,436,872	-
Closing balance	2,291,136,424	-
Employee stock options outstanding account (Refer note 25)		
Balance as per the last financial statements	1,370,453	95,285
Add: Additions during the year	1,498,229	1,275,168
Less: Transfer to securities premium on exercise of stock options	807,042	-
Closing balance	2,061,640	1,370,453
Amalgamation reserve		
Balance as per the last financial statements	26,449,745	26,449,745
Closing balance	26,449,745	26,449,745
General reserve		
Balance as per the last financial statements	450,255,517	450,255,517
Closing balance	450,255,517	450,255,517
Surplus in the statement of profit and loss		
Balance as per the last financial statements	2,287,529,384	2,273,948,607
Add: Profit for the year	628,613,651	562,997,871
Less: Appropriations		
Interim equity dividend [amount per share ₹ Nil (March 31, 2015: ₹ 7.50)]	-	458,022,660
Tax on interim equity dividend	-	91,394,434
Proposed final equity dividend [amount per share ₹ 2.50 (March 31, 2015 : ₹ Nil)]	175,075,070	-
Tax on proposed final dividend	35,641,165	-
Total appropriations	210,716,235	549,417,094
Net surplus in the statement of profit and loss	2,705,426,800	2,287,529,384
Total reserves and surplus	5,475,330,126	2,765,605,099

5. Current liabilities

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 33)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	528,053,601	369,211,632
	528,053,601	369,211,632
Other current liabilities		
Payables for purchases of fixed assets	10,253,319	11,448,381
Advance from customers	2,399,980	3,543,590
Tax deducted at source payable	44,477,746	30,299,112
Sales tax payable	41,184,807	25,342,119
Deferred revenue	38,930,520	-
Other liabilities (includes provident fund and other taxes)	5,032,691	3,956,437
	142,279,063	74,589,639
	670,332,664	443,801,271

6. Short-term provisions

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Provision for employee benefits		
Provision for gratuity (Refer note 24)	23,340,298	16,688,445
Provision for leave benefits	9,786,242	14,808,624
	33,126,540	31,497,069
Other provisions		
Provision for wealth tax	-	81,530
Provision for income tax (net of advance tax)	165,794,811	-
Interim dividend	-	403,059,941
Provision for tax on interim equity dividend	-	82,053,520
Proposed final equity dividend	175,075,070	-
Provision for tax on proposed final equity dividend	35,641,165	-
	376,511,046	485,194,991
	409,637,586	516,692,060

7.1 Tangible assets

	(Amount in ₹)									
	Freehold land (Refer note 1 & 2)	Leasehold premises	Buildings (Refer note 1)	Computers and Server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total	
Cost										
At April 1, 2014	8,797,475	21,320,860	512,643,397	59,160,352	52,834,328	18,913,941	64,960,686	10,562,448	749,193,487	
Additions	-	-	317,968,001	36,078,038	33,244,241	35,618,626	50,887,613	8,867,347	482,663,866	
Disposals	-	-	-	219,023	228,410	18,759	60,844	2,055,915	2,582,951	
At March 31, 2015	8,797,475	21,320,860	830,611,398	95,019,367	85,850,159	54,513,808	115,787,455	17,373,880	1,229,274,402	
Additions	-	-	292,819,053	64,304,814	60,893,231	24,026,939	67,821,593	1,737,919	511,603,549	
Disposals	-	-	-	-	149,569	-	-	1,182,878	1,332,447	
At March 31, 2016	8,797,475	21,320,860	1,123,430,451	159,324,181	146,593,821	78,540,747	183,609,048	17,928,921	1,739,545,504	
Depreciation										
At April 1, 2014	-	3,605,197	46,424,319	23,153,578	11,625,874	6,416,286	20,545,057	5,496,547	117,266,858	
Charge for the year	-	669,502	26,448,414	31,336,489	28,274,279	4,902,290	17,486,801	3,830,986	112,948,761	
Disposals	-	-	-	172,508	151,246	14,977	38,898	1,646,629	2,024,258	
At March 31, 2015	-	4,274,699	72,872,733	54,317,559	39,748,907	11,303,599	37,992,960	7,680,904	228,191,361	
Charge for the year	-	669,502	50,166,603	38,516,259	45,594,212	17,139,065	35,283,982	3,365,640	190,735,263	
Disposals	-	-	-	-	93,373	-	-	833,189	926,562	
At March 31, 2016	-	4,944,201	123,039,336	92,833,818	85,249,746	28,442,664	73,276,942	10,213,355	418,000,062	
Net block										
At March 31, 2015	8,797,475	17,046,161	757,738,665	40,701,808	46,101,252	43,210,209	77,794,495	9,692,976	1,001,083,041	
At March 31, 2016	8,797,475	16,376,659	1,000,391,115	66,490,363	61,344,075	50,098,083	110,332,106	7,715,566	1,321,545,441	

Note :-

1. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. (999 years).
2. The value of the land has been estimated at the stamp duty valuation.

7.2 Intangible assets

	Software	Total
Cost		
At April 1, 2014	270,589,442	270,589,442
Purchase	12,342,098	12,342,098
Disposals	-	-
At March 31, 2015	282,931,540	282,931,540
Purchase	31,236,494	31,236,494
Disposals	-	-
At March 31, 2016	314,168,034	314,168,034
Amortisation		
At April 1, 2014	85,507,385	85,507,385
Charge for the year	88,881,008	88,881,008
Disposals	-	-
At March 31, 2015	174,388,393	174,388,393
Charge for the year	46,043,685	46,043,685
Disposals	-	-
At March 31, 2016	220,432,078	220,432,078
Net block		
At March 31, 2015	108,543,147	108,543,147
At March 31, 2016	93,735,956	93,735,956

8. Non-current investments

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in wholly owned subsidiaries:		
1,807 (March 31, 2015: 852) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	52,352,473	26,328,723
130,000 * (March 31, 2015: 30,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	16,740,973	1,661,973
1,780,000 (March 31, 2015: 1,780,000) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya	12,636,383	12,636,383
28 (March 31, 2015: 28) equity shares of AED 100,000 each fully paid-up in Quick Heal Technologies (MENA) FZE, UAE	48,316,000	48,316,000
	130,045,829	88,943,079
Agreeget amount of unquoted investments		
*Includes share application money against which shares have not been issued/allotted		
Investment others:		
15,162 (March 31, 2015: 15,162) Compulsory Convertible Preference Share of ₹ 10 each fully paid in Wegilant Net Solutions Private Limited	4,149,992	4,149,992
2,236 (March 31, 2015: Nil) equity shares of ₹ 10 each fully paid in Smartalyse Technologies Private Limited	30,000,000	-
	34,149,992	4,149,992
Aggregate amount of unquoted investments	164,195,821	93,093,071

9. Deferred tax assets (net)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for financial reporting	38,675,232	38,355,582
Gross deferred tax liability	38,675,232	38,355,582
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	24,257,137	12,835,537
Deferred revenue	9,527,762	-
Provision for doubtful debts and advances	76,532,576	74,024,868
Gross deferred tax asset	110,317,475	86,860,405
Net deferred tax assets	71,642,243	48,504,823

10. Loans and advances

	Non-current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Capital advances				
Unsecured, considered good	6,966,765	3,432,763	-	-
	6,966,765	3,432,763	-	-
Loans and advances to related parties				
Unsecured, considered good				
Advance to subsidiaries (Refer note 29)	3,288,897	3,571,123	-	-
	3,288,897	3,571,123	-	-
Security deposits				
Unsecured, considered good	-	-	33,962,513	8,749,459
	-	-	33,962,513	8,749,459
Advances recoverable in cash or kind				
Unsecured, considered good (includes an inter-corporate loan, refer note 38)	333,179	210,691	36,481,683	2,209,699
	333,179	210,691	36,481,683	2,209,699
Other loans and advances				
Unsecured, considered good				
Advance income tax (net of provision for taxation)	170,561,380	168,651,527	-	-
Prepaid expenses	-	-	16,692,269	24,749,485
Balances with customs, excise and other government authorities	-	-	459,216	2,792,334
Advance to suppliers	-	-	3,155,896	13,794,582
Advance to employees	-	-	2,016,735	1,447,004
Unsecured, considered Doubtful				
Advance to suppliers	-	-	6,383,812	6,383,812
	170,561,380	168,651,527	28,707,928	49,167,217
Provision for doubtful advances	-	-	(6,383,812)	(6,383,812)
	170,561,380	168,651,527	22,324,116	42,783,405
	181,150,221	175,866,104	92,768,312	53,742,563

Loans and advances due from officers

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Advance to employees includes		
Dues from officers	1,084,737	187,518

11. Other non-current assets

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Refer note 15)	19,999,13	12,36,318
	19,999,13	12,36,318

12. Current investments (Valued at lower of cost and fair value unless stated otherwise)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Non-trade		
Investment in mutual funds (quoted)	1,083,966,694	1,296,076,569
[Market value ₹ 1,113,200,630 (March 31, 2015: ₹ 1,324,329,185)]		
Aggregate amount of quoted investments	1,083,966,694	1,296,076,569

12.) Details of investment in mutual funds

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Nil (March 31, 2015: 63,974) units of ₹ 1,000 each fully paid up of Tata Money Market Fund Daily Dividend Reinvestment	-	64,071,668
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund -XXVII Series 6 Growth Plan	5,000,000	5,000,000
Nil (March 31, 2015: 997,049) units of ₹ 10 each fully paid up of Reliance Quarterly Interval Fund Series II Dividend Plan Payout	-	10,000,000
839,370 (March 31, 2015: 839,370) units of ₹ 10 each fully paid up of Reliance Yearly Interval Fund Series 1 Growth Plan	10,000,000	10,000,000
Nil (March 31, 2015: 31,508) units of ₹ 10 each fully paid up of Kotak Liquid-Plan A Daily Dividend Reinvestment	-	38,528,903
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of HDFC FMP Series 32-Regular-Growth	5,000,000	5,000,000
Nil (March 31, 2015: 98,069) units of ₹ 100 each fully paid up of ICICI Prudential Liquid Regular Plan Daily Dividend Reinvestment	-	9,813,173
Nil (March 31, 2015: 999,980) units of ₹ 10 each fully paid up of ICICI Interval Fund III Quarterly Interval Regular Plan Dividend Payout	-	10,000,000
Nil (March 31, 2015: 53,642) units of ₹ 10 each fully paid up of DWS Insta Cash Plus Fund Daily Dividend Reinvest	-	5,380,544
199,408 (March 31, 2015: 200,665) units of ₹ 100 each fully paid up of Birla Sunlife Savings Fund-Institutional-Daily Dividend-Regular Plan-Reinvestment	20,000,000	20,126,112
Nil (March 31, 2015: 1,214) units of ₹ 1,000 each fully paid up of DSP Black Rock Liquidity-Institutional Plan-Daily Dividend Reinvestment	-	1,214,364
Nil (March 31, 2015: 47,714) units of ₹ 1,000 each fully paid up of Reliance Money Manager Fund-Institutional-Daily Dividend Reinvestment	-	47,780,897

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Nil (March 31, 2015: 3,490,016) units of ₹ 10 each fully paid up of JM High Liquidity Fund-Institutional-Daily Dividend Reinvestment	-	36,401,564
47,541 (March 31, 2015: 82,3573) units of ₹ 1,000 each fully paid up of 120LFSD Religare Invesco Liquid Fund-Daily Dividend Reinvestment	47,598,722	82,449,340
34,552 (March 31, 2015: 50,891) units of ₹ 1,000 each fully paid up of UTI Liquid Fund Cash Plan-Institutional-Daily Dividend Reinvestment	35,224,111	51,880,416
1,482,341 (March 31, 2015: 3,491,081) units of ₹ 100 each fully paid up of Birla Sun Life Dynamic Bond Fund-Retail-Growth-Regular Plan	35,119,027	72,760,000
Nil (March 31, 2015: 7,038,035) units of ₹ 10 each fully paid up of DSP Blackrock Short Term Fund-Regular Plan Monthly Dividend Reinvestment	-	77,414,971
902,511 (March 31, 2015: 1,965,300) units of ₹ 10 each fully paid up of DHFL Pramerica Premier Bond Fund-Regular Plan-Growth	20,000,000	40,000,000
8,944,353 (March 31, 2015: 6,037,340) units of ₹ 10 each fully paid up of ICICI Short Term Plan-Monthly Dividend Reinvestment	107,926,490	72,650,669
21,537 (March 31, 2015: 61,898) units of ₹ 1,000 each fully paid up of IDFC Cash Fund-Inst Plan C- Daily Dividend Reinvestment	21,547,125	61,926,472
1,940,800 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Kotak Treasury Advantage Fund	19,200,000	-
36,576 (March 31, 2015: Nil) units of ₹ 1,000 each fully paid up of Kotak Floater Short Term- Daily Dividend Reinvestment	37,000,648	-
56,835 (March 31, 2015:94,582) units of ₹ 1,000 each fully paid up of L & T Liquid Fund Daily Dividend Reinvestment Plan	57,496,596	95,682,985
9,298,436 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Tata Short Term Bond Fund Plan - Fortnightly Div	128,797,678	-
36,604 (March 31, 2015: 39,994) units of ₹ 1,000 each fully paid up of UTI Treasury Advantage Fund-inst- Daily Dividend Reinvestment	36,689,228	40,086,832
Nil (March 31, 2015: 1,636) units of ₹ 1,000 each fully paid up of Axis Liquid Fund - Daily Dividend Reinvestment	-	1,636,185
36,425 (March 31, 2015: 63,196) units of ₹ 1,000 each fully paid up of Baroda Pioneer Liquid Fund - Plan A Daily Dividend Reinvestment	36,466,218	63,266,267
320,467 (March 31, 2015: 1,00,291) units of ₹ 100 each fully paid up of Birla Sun Life Cash Plus Institutional Premium-Daily Dividend Regular Plan Reinvestment	32,109,201	10,048,638
13,364,450 (March 31, 2015: 9,275,641) units of ₹ 10 each fully paid up of Axis Short Term Fund - Monthly Dividend Reinvestment	136,336,104	94,490,931
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of Birla Sun Life Fixed Term Plan- Series KC(1099 days) - Growth Regular	10,000,000	10,000,000
32,783 (March 31, 2015: 4,664,385) units of ₹ 1,000 each fully paid up of HDFC Liquid Fund - Daily dividend Reinvestment	33,432,755	47,568,331
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of HDFC FMP 370D Feb 2014 - (1)- Series 29-Regular Growth	10,000,000	10,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of ICICI Prudential FMP Series 72-366 D Plan K Regular Plan - Growth	10,000,000	10,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of ICICI FMP Series 72-366 D Plan M Regular P - Growth	10,000,000	10,000,000
Nil (March 31, 2015: 4,014,130) units of ₹10 each fully paid up of IDFC Ultra Short Term Fund - Daily dividend Reinvestment	-	40,218,367
7,417,881 (March 31, 2015: 4,961,301) units of ₹ 10 each fully paid up of Kotak Bond Scheme (Short Term Plan) - Monthly Dividend Reinvestment	75,332,801	50,171,982
1,000,411 (March 31, 2015: Nil;) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXX - SERIES 9 - DIVIDEND PLAN	10,004,106	-

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
5,908,864 (March 31, 2015: Nil) units of ₹ 10 each fully paid up of Reliance Short Term Fund - Monthly Dividend Plan	64,539,362	-
Nil (March 31, 2015: 28,274) units of ₹ 1,000 each fully paid up of Reliance Liquidity Fund - Daily Dividend Reinvestment	-	28,288,135
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of 'Reliance FHF XXVII Ser 7 Growth	10,000,000	10,000,000
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXIV - Series 11 - Growth Plan	5,000,000	5,000,000
500,000 (March 31, 2015: 500,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXIV - Series 15 - Growth	5,000,000	5,000,000
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of Reliance Fixed Horizon Fund - XXV - Series 18 - Growth	10,000,000	10,000,000
29,052 (March 31, 2015: 22,147) units of ₹ 1,000 each fully paid up of SBI Premier Liquid Fund-Regular Plan - Daily Dividend Reinvestment	29,146,522	22,218,823
1,000,000 (March 31, 2015: 1,000,000) units of ₹ 10 each fully paid up of SBI Debt Fund Series - 366 days - 52 -Regular Plan Growth	10,000,000	10,000,000
	1,083,966,694	1,296,076,569

13. Trade receivables

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	69,202,355	60,625,935
Unsecured, considered doubtful	214,757,474	211,400,442
	283,959,829	272,026,377
Less: Provision for doubtful receivables	214,757,474	211,400,442
	69,202,355	60,625,935
Others		
Unsecured, considered good	921,897,885	615,945,791
Unsecured, considered doubtful	-	-
	921,897,885	615,945,791
Less: Provision for doubtful receivables	-	-
	921,897,885	615,945,791
	991,100,240	676,571,726

14. Inventories (valued at lower of cost and net realisable value)

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Raw materials - Security software devices [includes in transit of ₹ 248,822 (March 31, 2015: ₹ 106,844)]	23,023,093	28,706,255
Finished goods - Security softwares [includes in transit of ₹ 35,377 (March 31, 2015: ₹ 4,954,803)]	30,657,796	40,912,069
	53,680,889	69,618,324

15. Cash and bank balances

	Non-current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Cash and cash equivalents				
Balances with banks:				
On current account	-	-	341,808,819	70,572,263
On EEFC account	-	-	1,485,779	367,850
Deposits with original maturity of less than three months	-	-	750,000,000	-
Cheques on hand	-	-	12,000,000	-
Cash on hand	-	-	1,955,076	1,139,388
	-	-	1,107,249,674	72,079,501
Other bank balances				
Deposits with remaining maturity of less than twelve months	-	-	1,523,317,675	524,820
Deposits with remaining maturity for more than twelve months	1,999,913	1,236,318	-	827,093
	1,999,913	1,236,318	1,523,317,675	1,351,913
Amount disclosed under non-current assets (Refer note 11)	(1,999,913)	(1,236,318)	-	-
	-	-	2,630,567,349	73,431,414

Out of the total deposits, ₹ 23,491,428 (March 31, 2015: ₹ 1,300,965) are pledged against bank guarantees.

16. Other current assets

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Interest accrued on:		
Fixed deposits	11,419,817	154,405
Inter-corporate loan (Refer note 38)	2,803,835	-
Other assets	311,286	1,460,036
Share issue expenses recoverable (Refer note 39)	4,506,483	-
	19,041,421	1,614,441

17. Revenue from operations (net)

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Revenue from operations		
Sale of security software products	3,344,117,931	2,838,032,459
Sale of software support services	560,499	2,641,820
Revenue from operations (net)	3,344,678,430	2,840,674,279

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Details of products sold		
Security software licenses	3,315,955,103	2,812,141,214
Security software devices - Unified Threat Management (UTM)	28,162,828	25,891,245
	3,344,117,931	2,838,032,459

18. Other income

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Interest income on		
Bank deposits	12,638,694	3,581,939
Others	2,980,264	212,110
Dividend income on current investments	47,828,273	63,615,353
Net gain on sale of current investments	19,336,419	13,728,730
Foreign exchange gains (net)	3,024,073	-
Profit on sale of fixed assets (net)	-	567,182
Miscellaneous income	7,663,966	124,743
	93,471,689	81,830,057

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

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
19(a) Cost of raw materials consumed		
Inventory at the beginning of the year	28,706,255	24,690,898
Add: Purchases	7,112,824	24,884,999
Less: Inventory as at end of the year	23,023,093	28,706,255
	12,795,986	20,869,642
19(b) Purchase of security software products		
Security software products	120,547,936	137,146,517
	120,547,936	137,146,517
19(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	40,912,069	29,468,420
Less: Inventory as at end of the year	30,657,796	40,912,069
	10,254,273	(11,443,649)
	143,598,195	146,572,510

Details of raw materials consumed

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Security software devices - Unified Threat Management (UTM)	12,795,986	20,869,642
	12,795,986	20,869,642

Details of inventory

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Raw materials		
Security software devices - Unified Threat Management (UTM)	23,023,093	28,706,255
	23,023,093	28,706,255

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Finished goods		
Security softwares products	30,657,796	40,912,069
	30,657,796	40,912,069

20. Employee benefits expense

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Salaries, wages and bonus	771,619,004	569,565,052
Contribution to provident fund and other fund	27,631,819	17,917,904
Contribution to other funds	-	-
Gratuity expenses (Refer note 24)	11,814,289	16,980,570
Staff welfare expenses	20,238,686	19,804,729
Employee stock compensation expenses (Refer note 25)	1,498,229	1,275,168
	832,802,027	625,543,423

21. Depreciation and amortisation expense

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Depreciation on tangible assets (Refer note 7.1)	190,735,263	112,948,762
Amortization of intangible assets (Refer note 7.2)	46,043,685	88,881,008
	236,778,948	201,829,770

22. Other expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Web publishing expenses	90,337,374	89,019,957
Technology subscription charges	53,772,467	37,226,236
Fees for technical services	110,999,029	119,231,273
Power and fuel	32,860,875	19,391,767
Rent (Refer note 26)	27,008,441	27,937,220
Rates and taxes	9,184,263	11,387,763
Insurance	12,426,958	2,599,031
Repairs and maintenance		
Buildings	12,617,022	4,991,002
Others	14,224,893	10,869,114
Corporate social responsibility (CSR) expenditure (Refer note 28)	10,640,000	2,425,501
Sales incentive	236,337,773	223,078,921
Commission to independent directors	1,600,000	-
Directors' sitting fees	308,250	-
Business promotion expenses	184,883,281	133,017,968
Advertisement and sales promotion	253,925,834	287,705,805
Freight and forwarding charges	6,342,051	7,880,742
Traveling and conveyance	41,734,306	35,664,353
Communication costs	50,806,421	29,503,045
Office expenses	55,032,159	28,925,641
Donations		
Donations to others	378,049	842,600
Donation to political parties (Refer details below)	-	2,500,000
Legal and professional fees	64,658,913	21,572,516
Payment to statutory auditor (Refer details below)	4,774,263	2,894,286
Foreign exchange loss (net)	-	751,175
Fixed assets written off	-	78,771
Provision for doubtful debts and advances	3,357,032	11,725,450
Loss on sale of fixed assets (net)	19,035	-
Bad debts written off	2,108,067	3,003,689
Miscellaneous expenses	14,543,961	11,263,221
	1,294,880,717	1,125,487,047

Payment to auditor *

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
As auditor:		
Audit fees	2,209,247	2,641,760
In other capacity:		
Other services (certification)	2,505,357	141,146
Reimbursement of expenses	59,659	111,380
	4,774,263	2,894,286

* Net off IPO fees adjusted against security premium

Donation to political parties

Name of the party to which such amount has been contributed	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Bhartiya Janta Party	-	1,500,000
Shivsena	-	1,000,000
Total amount contributed	-	2,500,000

23. Earnings per share

The following reflect the profit and shares data used in the basic and diluted EPS computation:

		As at March 31, 2016 ₹	As at March 31, 2015 ₹
Numerator for basic and diluted EPS:			
Net profit after tax (in ₹)	(A)	628,613,651	562,997,871
Denominator for basic EPS:			
Weighted average number of equity shares (in numbers)	(B)	62,347,488	61,069,688
Denominator for diluted EPS:			
Weighted average number of equity shares in calculating basic EPS	(C)	62,347,488	61,069,688
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(D)	18,319	865,793
Weighted average number of equity shares in calculating diluted EPS	E=(C+D)	62,365,807	61,935,481
Basic and diluted earning per share of face value of ₹ 10 each (in ₹)	(A/B)	10.08	9.22
Diluted Earnings per share of face value of ₹ 10 each (in ₹)	(A/E)	10.08	9.09

24. Gratuity

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss**Net employee benefit expense recognized in the employee cost:**

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Current service cost	10,286,954	9,542,629
Interest cost on defined benefit obligation	2,717,353	1,654,860
Expected return on plan assets	(1,762,103)	(1,298,188)
Net actuarial loss recognized in the year	572,085	7,081,269
Net benefit expense	11,814,289	16,980,570
Actual return on plan assets	1,339,007	1,023,910

Balance sheet**Benefit assets / (liability)**

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Present value of defined benefit obligation	(47,301,508)	(35,527,498)
Fair value of plan assets	23,961,210	18,839,053
Plan assets / (liability)	(23,340,298)	(16,688,445)

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Opening defined benefit obligation	35,527,498	18,847,536
Interest cost	2,717,353	1,654,860
Current service cost	10,286,954	9,542,629
Benefits paid	(1,379,286)	(1,324,518)
Actuarial losses on obligation	148,989	6,806,991
Closing defined benefit obligation	47,301,508	35,527,498

Changes in the fair value of plan assets are as follows:

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Opening fair value of plan assets	18,839,053	11,033,489
Expected return on plan assets	1,762,103	1,298,188
Contributions by employer	5,162,436	8,106,172
Benefits paid	(1,379,286)	(1,324,518)
Actuarial losses on plan assets	(423,096)	(274,278)
Closing fair value of plan assets	23,961,210	18,839,053

The Company expects to contribute ₹ 23,340,298 to gratuity in the next year (March 31, 2015: ₹16,688,445).

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

Nature of plan assets	As at March 31, 2016	As at March 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	%	%
Discount rate	7.80	7.80
Expected rate of return on plan assets	9.00	9.00
Employee turnover	15.00	15.00
Expected rate of increment in compensation levels		
- First two years	12.00	12.00
- Thereafter	9.00	9.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no change in expected rate of return on assets.

Amounts for the current and previous four years are as follows:

	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2014 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Defined benefit obligation	47,301,508	35,527,498	18,847,536	12,819,162	10,534,967
Plan assets	23,961,210	18,839,053	11,033,489	7,031,510	5,906,204
Surplus/ (deficit)	(23,340,298)	(16,688,445)	(7,814,047)	(5,787,652)	(4,628,763)
Experience adjustments on plan liabilities (loss)/ gain	(148,989)	(3,060,778)	(1,844,824)	(85,635)	215,239
Experience adjustments on plan assets (loss)/ gain	(423,096)	(274,278)	57,850	26,852	43,179

25. Employee stock option plan

The Company provides share-based payment schemes to its employees. During the year ended March 31, 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

i. Details of Employee stock option plan

Employee Stock Option Plan, 2010 (ESOP 2010)

On June 10, 2010, the Board of Directors approved the Equity Settled ESOP Scheme 2010 for issue of stock options to the employees and directors of the Company. According to the ESOP 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:

ii. The Company has provided the 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 listing or date of vesting, whichever is later
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

iii. The vesting pattern of the scheme is as follows:

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

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

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,467,016	47.69	1,384,944	41.91
Granted during the year	-	-	122,000	110.00
Forfeited during the year	13,320	37.50	39,928	37.50
Exercised during the year	1,107,703	40.88	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	345,993	69.91	1,467,016	47.69
Exercisable at the end of the year	202,493	-	1,267,016	-

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

	As at March 31, 2016	As at March 31, 2015
Exercise price (₹)	37.50 _ 110.00	37.50 _ 110.00
Number of options outstanding	345,993	1,467,016
Weighted average remaining contractual life of options (in years)	5.52	6.59
Weighted average exercise price (₹)	69.91	47.69

Employee Stock Option Plan, 2014 (ESOP 2014)

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

v. The Company has provided the 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 listing or date of vesting, whichever is later
Expected life (in years)	
Grant IV	3.95 _ 6.50
Grant V	3.64 _ 6.50
Grant VI	3.50 _ 6.50
Grant VII	3.50 _ 6.50
Grant VIII	3.50 _ 6.50
Grant IX	3.50 _ 6.50
Fair value of shares on date of grant	₹ 115.24 - ₹ 119.00
Vesting conditions	Continued employment and performance of employee as per contract

vi. The vesting pattern of the scheme is as follows:

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

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

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	369,900	110.00	-	-
Granted during the year	210,000	115.22	369,900	110.00
Forfeited during the year	34,099	111.69	-	-
Exercised during the year	64,476	110.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	481,325	112.16	369,900	110.00
Exercisable at the end of the year	19,650	-	-	-

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

	As at March 31, 2016	As at March 31, 2015
Exercise price (₹)	110.00 - 119.00	110.00
Number of options outstanding	481,325	369,900
Weighted average remaining contractual life of options (in years)	6.71	7.10
Weighted average exercise price (₹)	112.16	110.00

viii. Stock options granted:

The weighted average fair value of stock options granted during the year was ₹ 27.13 (March 31, 2015: ₹ 31.43). The Black-Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average share price (₹)	115.22	115.16
Exercise price (₹)	110.00 - 119.00	110.00
Expected volatility (%)	0%	0%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) in years	3.50 - 6.50 Years	3.98 - 6.50 Years
Average risk-free interest rate (%)	7.67%	8.82%
Dividend yield	6.41%	1.35%

ix. Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2016 amounted to ₹ 1,498,229 (March 31, 2015: ₹ 1,275,168). The liability for employee stock options outstanding as at March 31, 2016 is ₹ 2,061,640 (March 31, 2015: ₹ 1,370,453).

x. Proforma disclosures by applying fair value method

The Company measures the cost of ESOP using the intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by the ICAI, the impact on reported net profit and earnings per share by applying the fair value method is set out as follows:

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Profit after tax as reported	628,613,651	562,997,871
Add: Employee stock compensation under intrinsic value method	1,498,228	1,275,168
Less: Employee stock compensation under fair value method	4,368,698	5,724,855
Proforma profit after tax	625,743,181	558,548,184
Earnings per share		
Basic:		
- As reported	10.08	9.22
- Proforma	10.04	9.15
Diluted:		
- As reported	10.08	9.09
- Proforma	10.03	9.02

26. Leases**Operating lease: the Company as lessee**

The Company has obtained office premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease arrangements. There are no subleases. The details are as follows:

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Lease rent recognized in statement of profit and loss	27,008,441	27,937,220

Finance lease: the Company as 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.

27. Segment information**Primary segment**

The Company is engaged in providing security software solutions. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into one business segment.

Geographical segment

Secondary segment reporting is performed on basis of location of customers. The Company has identified India and outside India as two geographical segments for secondary segment reporting. All assets and liabilities of the Company except trade receivables are situated in India.

Revenue from operations

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
Within India	3,280,025,469	2,784,178,575
Outside India	64,652,961	56,495,704
Total	3,344,678,430	2,840,674,279

Allocable segments assets are as follows:**Trade receivables (net)**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Within India	897,782,321	618,688,810
Outside India	93,317,919	57,882,916
Total	991,100,240	676,571,726

Other assets and liabilities used in the Company's business or liabilities contracted cannot be identified to any geographical segment as all these assets are situated in India.

28. Corporate Social Responsibility expenditure

	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
(a) Gross amount required to be spent by the Company during the year	19,996,326	13,818,917

(b) Amount spent during the year	For the year ended March 31, 2016 ₹			For the year ended March 31, 2015 ₹		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1 For the purpose of Education and Social Activity	10,640,000	-	10,640,000	2,425,501	-	2,425,501

29. Related party disclosures**i. Names of related parties and related party relationship****Related parties where control exists**

Wholly owned subsidiaries	i. Quick Heal Technologies America Inc., USA
	ii. Quick Heal Technologies Japan K.K., Japan
	iii. Quick Heal Technologies Africa Limited, Kenya
	iv. Quick Heal Technologies (MENA) FZE, UAE

Related parties with whom transactions have taken place during the year

Key management personnel	i. Kailash Katkar, Managing Director and Chief Executive Officer
	ii. Sanjay Katkar, Managing Director and Chief Technical Officer
	iii. Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing
	iv. Rajesh Ghonasgi, Chief Financial Officer
	v. Vijay Shirode, Company Secretary
Relatives of key management personnel	i. Anupama Katkar (wife of Kailash Katkar)
	ii. Chhaya Katkar (wife of Sanjay Katkar)
Enterprises owned by directors or major shareholders	i. Kailash Sahebrao Katkar HUF
	ii. Sanjay Sahebrao Katkar HUF
	iii. Quick Heal Foundation

ii. Transactions with related parties:

Nature of transaction	Name of the related party	For the year ended	
		March 31, 2016	March 31, 2015
		₹	₹
Remuneration	Kailash Katkar	11,440,000	10,020,000
	Sanjay Katkar	11,440,000	10,020,000
	Abhijit Jorvekar	11,920,800	8,393,200
	Anupama Katkar	2,780,000	2,550,000
	Rajesh Ghonasgi	14,776,000	9,338,333
	Vijay Shirode	1,816,000	917,600
		54,172,800	40,321,533
ESOP exercise	Rajesh Ghonasgi	2,502,500	-
	Abhijit Jorvekar	6,035,000	-
		8,537,500	-
Rent	Kailash Katkar	960,000	960,000
	Anupama Katkar	246,569	224,233
	Chhaya Katkar	246,569	224,233
	Kailash Sahebrao Katkar HUF	821,893	747,477
	Sanjay Sahebrao Katkar HUF	821,893	747,477
	3,096,924	2,903,420	
Corporate social responsibility contribution	Quick Heal Foundation	10,640,000	2,353,501
		10,640,000	2,353,501
Sale of security software products	Quick Heal Technologies America Inc.	1,048,368	1,059,127
	Quick Heal Technologies Japan K.K	5,272,357	5,959,306
	Quick Heal Technologies (MENA) FZE	6,664,428	5,561,380
	Quick Heal Technologies Africa Limited	17,774,705	9,492,806
		30,759,858	22,072,619
Investment	Quick Heal Technologies Japan K.K	26,023,750	5,128,602
	Quick Heal Technologies (MENA) FZE	-	41,616,000
	Quick Heal Technologies Africa Limited	-	1,727,529
	Quick Heal Technologies America Inc.	15,079,000	-
		41,102,750	48,472,131
IPO expenses incurred on behalf of directors and recoverable/ recovered from them:	Kailash Katkar	37,238,575	-
	Sanjay Katkar	37,238,575	-
		74,477,150	-
Proposed final equity dividend	Kailash Katkar	51,278,460	-
	Sanjay Katkar	51,278,460	-
	Anupama Katkar	12,509,940	-
	Chhaya Katkar	12,509,940	-
	Rajesh Ghonasgi	66,411	-
		127,643,211	-
Interim dividend declared and paid	Kailash Katkar	147,519,134	20,116,246
	Sanjay Katkar	147,519,134	20,116,246
	Anupama Katkar	33,026,242	4,503,578
	Chhaya Katkar	33,026,242	4,503,578
		361,090,752	49,239,648

iii. Balance outstanding

	Name of the related party	As at	
		March 31, 2016	March 31, 2015
		₹	₹
Remuneration payable*	Kailash Katkar	562,800	1,447,800
	Sanjay Katkar	565,000	1,450,000
	Abhijit Jorvekar	346,000	313,829
	Anupama Katkar	166,100	385,800
	Rajesh Ghonasgi	426,000	453,000
	Vijay Shirode	81,000	72,800
		2,146,900	4,123,229
Rent payable	Anupama Katkar	6,291	17,968
	Chhaya Katkar	6,291	17,968
	Kailash Sahebrao Katkar HUF	20,963	59,895
	Sanjay Sahebrao Katkar HUF	20,963	59,895
		54,508	155,726
Trade receivable	Quick Heal Technologies America Inc.	3,958,776	2,739,591
	Quick Heal Technologies Japan K.K	26,052,401	18,315,699
	Quick Heal Technologies (MENA) FZE	13,239,851	6,276,210
	Quick Heal Technologies Africa Limited	34,548,376	17,132,975
		77,799,404	44,464,475
Advances receivable from subsidiaries	Quick Heal Technologies Japan K.K	333,401	296,319
	Quick Heal Technologies (MENA) FZE	2,180,272	2,407,582
	Quick Heal Technologies America Inc.	96,881	17,633
	Quick Heal Technologies Africa Limited	678,343	849,589
		3,288,897	3,571,123
Advance receivable from key management personnel	Kailash Katkar	372,808	-
	Sanjay Katkar	231,786	-
	Abhijit Jorvekar	321,140	187,518
	Rajesh Ghonasgi	159,003	-
		1,084,737	187,518
IPO expenses receivable	Kailash Katkar	1,306,609	-
	Sanjay Katkar	1,306,609	-
		2,613,218	-
Proposed final equity dividend payable	Kailash Katkar	51,278,460	-
	Sanjay Katkar	51,278,460	-
	Anupama Katkar	12,509,940	-
	Chhaya Katkar	12,509,940	-
	Rajesh Ghonasgi	66,411	-
		127,643,211	-
Interim dividend Payable	Kailash Katkar	-	147,519,134
	Sanjay Katkar	-	147,519,134
	Anupama Katkar	-	33,026,242
	Chhaya Katkar	-	33,026,242
		-	361,090,752

* The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration and perquisites on account of ESOP to key managerial personnel does not include employee stock compensation expense.

30. Capital and other commitments

	As at March 31, 2016	As at March 31, 2015
	₹	₹
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided	21,609,454	201,575,269
Other commitments:		
Commitments in relation to investment in Smartalyse Technologies Private Limited (Refer note A)	30,000,000	-

Note A

The Company has entered into an agreement for making an investment of ₹ 60,000,000 in equity shares of Smartalyse Technologies Private Limited ("Smartalyse") by way of two tranches of ₹ 30,000,000 each. The Company has already made an investment of ₹ 30,000,000 in Smartalyse which has been disclosed under 'Non-current investments'. The second tranche of investment will be made within a period of 9 months from the date of the execution of the agreement (i.e. November 3, 2015) upon satisfaction of certain terms and conditions as enunciated in the agreement.

Note B

For lease related commitments refer note 26.

Note C

The Company has provided letters committing continuing financial support to its subsidiary, Quick Heal Technologies Africa Limited and Quick Heal Technologies America Inc. to meet their day to day obligations / commitments; to the extent these entities may be unable to meet their obligations

31. Contingent liabilities**(A) Contingent liabilities**

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	560,705,595	627,305,953
Service tax [Note (ii)]	285,354,034	-
Kerala Value Added Tax [Note (iii)]	154,326	154,326
Income tax [Note (iv)]	3,504,300	3,504,300
Total	849,718,255	630,964,579

Notes:

- i. During the current year, the Company received a statement of demand dated January 28, 2016 in relation to the show cause notice of service tax for ₹ 560,705,595 (excluding penalty of ₹ 560,715,595) for the period from March 01, 2011 to March 31, 2014 on supply of anti-virus software in Compact Disk issued by Additional Director General, New Delhi. The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi against the said demand. Based on recent technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision have been considered necessary in this regards and also for the subsequent period till March 31, 2016.
- ii. During the current year, the Company received statement of demand dated January 25, 2016, in relation to Service tax of ₹ 285,354,034 (excluding interest and penalties) for the period April 01, 2014 to March 31, 2015 on supply of anti-virus replicated CDs/DVDs along with license keys through dealers/ distributors to end customers in India issued by Principal Commissioner of Service tax, Pune. The Company is in the process of filing a reply against the said notice with appropriate authority. Based on recent technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision have been considered necessary in this regards and also for the subsequent period till March 31, 2016.

Based on the grounds mentioned in point (i) and (ii) above, the Company has not recognised provision for liability in the financial statements in relation to the potential consequential liability for service tax for the period April 1, 2015 to March 31, 2016.

- iii. During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for ₹ 154,326 (VAT ₹ 130,785; Interest ₹ 23,541 and excluding penalty) on the ground of dispute in the stock transfer of anti-virus products transferred to the Branch. The Company had appealed the same before the first level appellate authority and the management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2016 and as at March 31, 2015.

- iv. This represents disputed income tax demand of ₹ 3,504,300 (including interest of ₹ 361,467 and excluding penalty) under section 156 of the Income-tax Act, 1961 related to A.Y. 2010-11. The Company has filed appeals against assessment order with relevant authorities. The management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2016 and as at March 31, 2015.

(B) Other litigation

- i) One of the erstwhile distributor of the Company, had filed a title suit in February 2016 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 Company is seeking dismissal of the said Title Suit.
- ii) In February 2016, certain individuals who are relative of one of the erstwhile distributor instituted a suit before the City Civil Court, Calcutta claiming ownership of certain shares of the Company.
- iii) In February 2016, one of the erstwhile distributor instituted a suit at High Court, Calcutta against the Company and others claiming ₹ 16,100 million for various reasons including loss of business profits, loss of capital assets and infrastructure etc.

With respect to the above matters, the Company believes that the suits are frivolous and is seeking dismissal of the suits. The Company also believes that they have a sufficient and strong arguments on facts as well as on point of law and accordingly no provision in this regard has been recognised in the financial results..

- iv) The Director of one of the erstwhile vendor had filed a First information Report (FIR) in June 2014 at Baddi Police Station, Himachal Pradesh, against certain directors and employees of the Company. The police investigated the case and came to the conclusion that there was no truth to the allegations in the FIR. The director of one of the erstwhile vendor subsequently filed a writ petition before the Himachal Pradesh High Court against the State of Himachal Pradesh and others against the said finding of the police.

32. Particulars of unhedged foreign currency exposures as at the balance sheet date

	As at March 31, 2016			As at March 31, 2015		
	Foreign currency	In foreign currency	In Indian Rupees	Foreign currency	In foreign currency	In Indian Rupees
Bank balances	USD	22,463	1,485,779	USD	5,883	367,850
Cash balances						
	EUR	4,031	301,622	EUR	-	-
	USD	1,389	91,880	USD	-	-
	AED	3,176	57,183	AED	-	-
	BDT	15,310	12,665	BDT	-	-
	ZAR	662	2,907	ZAR	662	3,422
	AUD	1,071	54,192	AUD	971	46,663
	ETB	1,112	3,393	ETB	1,112	3,369
	IDR	25,000	125	IDR	25,000	119
	JPY	75,203	44,221	JPY	8,000	4,181
	KES	1,517	973	KES	317	211
	MYR	373	6,254	MYR	373	6,280
	SGD	613	29,985	SGD	34	1,538
	HKD	600	5,117	HKD	-	-
	GBP	600	57,118	GBP	-	-
	THB	826	1,547	THB	826	1,583
Trade receivables	USD	361,107	23,884,616	USD	366,389	22,964,795
	JPY	36,591,381	21,515,732	JPY	27,403,789	14,321,221
	AED	696,313	12,535,870	AED	333,177	5,671,274
	KES	50,089,154	32,117,166	KES	22,337,840	14,834,560
	AUD	4,694	237,594	AUD	3,028	145,584
Trade payables	USD	2,700	179,818	USD	15,577	975,061
	NPR	-	-	NPR	80,569	50,355
Investment	JPY	90,350,000	52,352,473	JPY	42,600,000	26,328,723
	AED	2,800,000	48,316,000	AED	2,800,000	48,316,000
	USD	255,000	16,740,973	USD	30,000	1,661,973
	KES	17,800,000	12,636,383	KES	17,800,000	12,636,383

	As at March 31, 2016			As at March 31, 2015		
	Foreign currency	In foreign currency	In Indian Rupees	Foreign currency	In foreign currency	In Indian Rupees
Advances receivable/(payable)	USD	177	12,086	USD	-	-
	JPY	-	-	JPY	-	-
Advances to subsidiaries	USD	1,465	96,881	USD	282	17,633
	JPY	567,008	333,401	JPY	567,008	296,319
	AED	121,105	2,180,272	AED	141,441	2,407,582
	KES	1,057,928	678,343	KES	1,279,309	849,589
Advances receivable from Key managerial personnel	AED	4,440	79,934	-	-	-
	GBP	200	19,039	-	-	-
	HKD	200	1,706	-	-	-
	JPY	95,135	55,941	-	-	-
	SGD	200	9,778	-	-	-
	USD	13,667	903,974	-	-	-

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

There are no amounts as at March 31, 2016 (March 31, 2015: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006.

As at March 31, 2016 and previous year March 31, 2015, the disclosure has been made on the basis of intimation provided by the supplier to the Company.

34. Value of imports calculated on CIF basis

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Purchase of software	-	1,247,464
	-	1,247,464

35. Expenditure in foreign currency (accrual basis)

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Advertising and sales promotion	1,009,255	3,757,902
Technology subscription charges	45,295,280	28,786,438
Fees for technical services	34,117,806	31,828,614
Travelling and conveyance	2,302,277	3,116,707
Legal and professional fees	381,129	1,394,483
Web publishing expenses	4,087,283	-
Miscellaneous expenses	162,380	858,371
	87,355,410	69,742,515

36. Earnings in foreign currency (accrual basis)

	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Sale of security software products	58,983,286	49,093,058
	58,983,286	49,093,058

37. Net dividend remitted in foreign exchange:

	For the year ended March 31, 2016	For the year ended March 31, 2015
	2014-15	2013-14 and 2014-15
Period to which it relates	2014-15	2013-14 and 2014-15
Number of non-resident shareholders	1	1
Number of equity shares on which dividend was due	2,501,984	2,501,984
Amount remitted (in USD)	2,48,691	63,143 and 36,824
Amount remitted (in ₹)	16,513,094	3,875,076 and 2,251,786

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

Included in loans and advances is an inter-corporate loan, the particulars of which are disclosed below as required by Section 186(4) of Companies Act 2013.

Name of the loanee	Rate of interest	Due date	Secured/ unsecured	As at	As at
				March 31, 2016	March 31, 2015
				₹	₹
Wegilant Net Solutions Private Limited	14% p.a.	12 months from date of loan given	Unsecured	35,000,000	-

The loan has been utilized for meeting their working capital requirements and for their business operations.

39. Share issue expenses recoverable

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

Share issue expenses

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

40. Utilization of money raised through public issue

During the year ended March 31, 2016, the company has raised ₹ 4,512,527,799 through public issue, specifically to meet the following objects of the Offer:

	Fund allocated to the activities as per prospectus ₹	Actual utilization up to March 31, 2016 ₹	Unutilized money as on March 31, 2016 ₹
Advertising and sales promotion	1,110,000,000	-	1,110,000,000
Capital expenditure on research and development	418,800,000	5,790,000	413,010,000
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275,950,000	19,560,000	256,390,000
General corporate purposes	537,760,000	-	537,760,000
Total	2,342,510,000	25,350,000	2,317,160,000

Utilisation of IPO proceeds:

	Amount ₹
Proceeds from IPO *	4,512,527,799
Less: Paid to selling shareholders	2,012,528,118
Sub-total (A)	2,499,999,681
Share issue expenses (accrual basis)	297,506,492
Less: Recoverable/recovered from selling shareholders	125,069,620
Sub-total (B)	172,436,872
Net proceeds (A-B)	2,327,562,809

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

Details of short-term investments made from unutilized portion of public issue raised during the year ended March 31, 2016:

	Amount ₹
Investments in fixed deposits of banks	2,250,000,000
Balance in current accounts	67,160,000
Total	2,317,160,000

41. Delay in filing of Form FC-GPR

During the current year there is an un-intentional delay in reporting of foreign inward remittances and filing of form FC-GPR in respect of the shares allotted to non- resident shareholders in the Form FC _ GPR as required under the FDI Regulations of FEMA 1999, which was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). The said Form FC _ GPR has been submitted for filing by the Company to AD, as on the date of this certificate.

42. Loans and advances given to subsidiaries and associates and firms/ companies in which directors are interested

Advances given to wholly owned subsidiary

Particular	Quick Heal Technologies Japan K.K.	Quick Heal Technologies America Inc.	Quick Heal Technologies Africa Limited	Quick Heal Technologies (MENA) FZE
Balance as at 31 March 2016	333,401	96,881	678,343	2,180,272
Maximum amount outstanding during the financial year 2015-16	341,226	100,503	849,589	2,673,859
Balance as at 31 March 2015	296,319	17,633	849,589	2,407,582
Maximum amount outstanding during the financial year 2014-15	486,469	17,932	881,444	2,407,582

For other disclosures relating to loans/ advances/ investment in subsidiary and associates, refer note 29.

43. Previous year figures

Previous year's figures have been regrouped, where necessary, to conform to current year's classification.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 11, 2016

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

Kailash Katkar

Managing Director
& Chief Executive Officer
DIN: 00397191

Sanjay Katkar

Managing Director
& Chief Technical Officer
DIN: 00397277

Rajesh Ghonasgi

Chief Financial Officer

Vijay Shirode

Company Secretary

Quick Heal Technologies Limited

E-mail: cs@quickheal.co.in Website: www.quickheal.com

FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN : U72200MH1995PLC091408
 Name of the Company : Quick Heal Technologies Limited
 Registered Address : Marvel Edge, Office No. 7010 C & D 7th Floor, Viman Nagar, Pune - 411 014 Tel:(020)-66813232

Name of the Member(s): _____

Registered Address: _____ Email Id: _____

Folio No / Client ID: _____ DP ID: _____

I / We being the member(s) of _____ Equity Shares of Quick Heal Technologies Limited, hereby appoint:

1. Name : _____
 Address : _____

Email ID : _____

Signature : _____, or failing him / her _____

2. Name : _____
 Address : _____

Email ID : _____

Signature : _____, or failing him / her _____

3. Name : _____
 Address : _____

Email ID : _____

Signature : _____, or failing him / her _____

as my/ our proxy to attend and vote (on a poll) for me / us and on my/ our behalf at the 21st Annual General Meeting of the Company, to be held on Friday, 05th August, 2016 at 11.00 AM at Pandit Jawaharlal Nehru Sanskrutik Bhavan, 1187/21, Ghole Road, Opposite Mahatma Phule Museum, Shivajinagar, Pune, Maharashtra 411005, and at any adjournment thereof in respect of such resolutions as are indicated below:

- 1) Adoption of Audited Financial Statements as at 31st March, 2016 (Standalone and Consolidated) together with reports of Directors and Auditors thereon;
- 2) Declaration of final dividend on equity shares for the year ended 31st March, 2016.
- 3) Appointment of a Director in place of Mr. Shailesh Lakhani (DIN 03567739), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) Appointment of a Director in place of Mr. Sanjay Katkar (DIN 00397277), who retires by rotation and being eligible, offers himself for re-appointment.
- 5) Ratification of Appointment of M/s SRBC & Co, LLP, Chartered Accountants, (Firm Registration No. 324982E) as the Statutory Auditors of the Company, as approved in the 19th Annual General Meeting until the conclusion of the 24th Annual General Meeting to be held in the calendar year 2019, to hold office till the conclusion of next Annual general Meeting and to fix their remuneration.
- 6) Appointment of M/s Bhavesh Marolia & Associates, Practitioner Cost accountant for the Financial Year 2016-2017.
- 7) Re-appointment of Mrs. Anupama Katkar.
- 8) Approval of Employee Stock option Scheme 2010 (ESOP 2010).
- 9) Approval of Employee Stock option Scheme 2014 (ESOP 2014).

Signed this _____ day of _____, 2016.

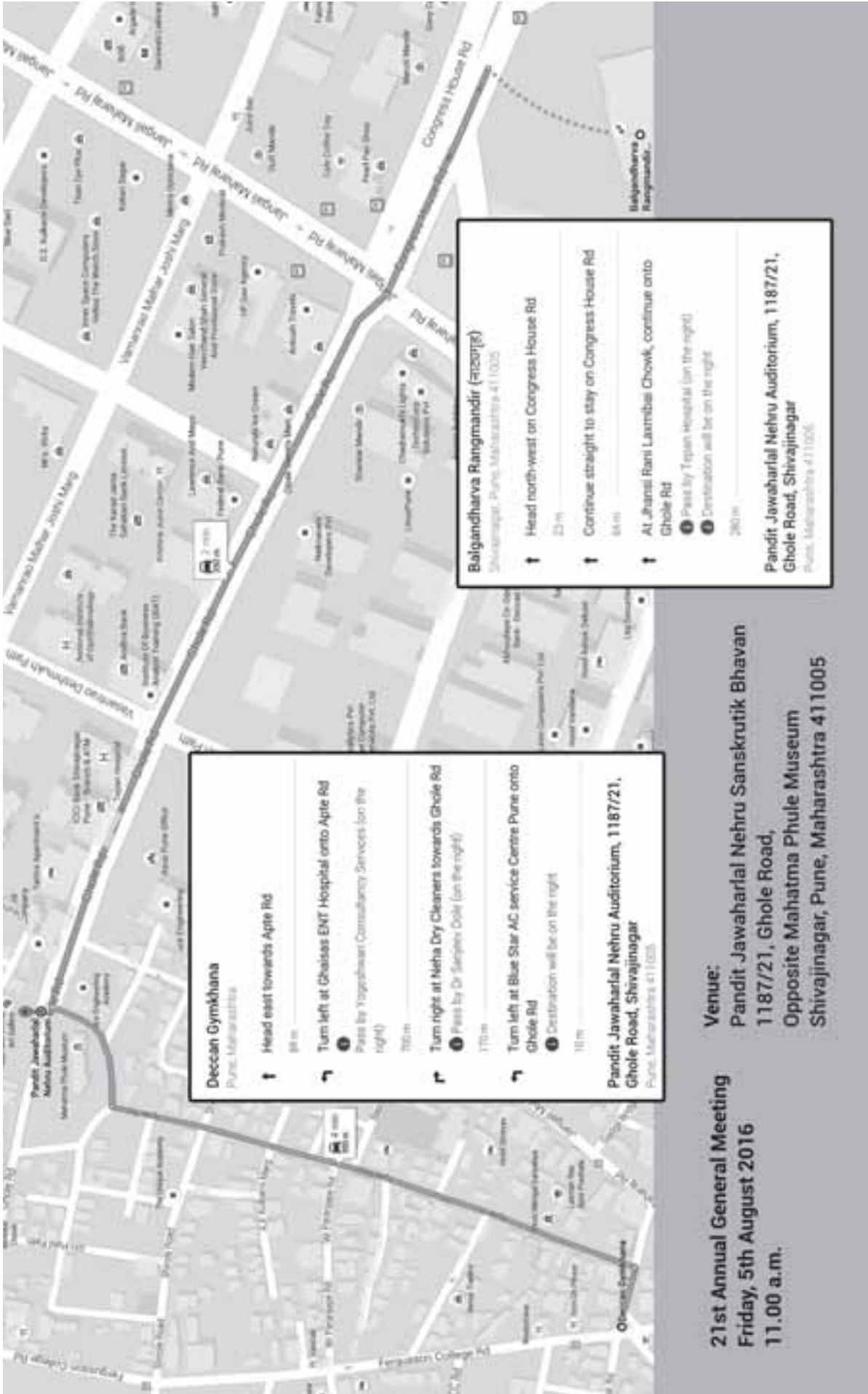
Signature of Share holder : _____

Signature of proxy Holder : _____

**Affix
Revenue
Stamp**

Note:

1. A proxy need not to be member of the Company, Pursuant to provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for another member.
2. This form of proxy in order to be effective should be duly completed and delivered to the registered office of the Company.



Deccan Gymkhana
Pune, Maharashtra 411005

- ↑ Head east towards Apte Rd
98 m
- ↙ Turn left at Ghaisas ENT Hospital onto Apte Rd
 1 Pass by Yashwantrao Consultancy Services (on the right)
 700 m
- ↘ Turn right at Neha Dry Cleaners towards Ghoale Rd
 1 Pass by Dr Sangeeta Dole (on the right)
 170 m
- ↙ Turn left at Blue Star AC service Centre Pune onto Ghoale Rd
 1 Destination will be on the right
 18 m

Pandit Jawaharlal Nehru Auditorium, 1187/21, Ghoale Road, Shivajinagar
Pune, Maharashtra 411005

Balgandharva Rangmandir (nearby)
Shivajinagar, Pune, Maharashtra 411005

- ↑ Head north-west on Congress House Rd
 23 m
- ↑ Continue straight to stay on Congress House Rd
 68 m
- ↑ At Jhansi Rani Lambsai Chowk, continue onto Ghoale Rd
 1 Pass by Tejapal Hospital (on the right)
 1 Destination will be on the right
 267 m

Pandit Jawaharlal Nehru Auditorium, 1187/21, Ghoale Road, Shivajinagar
Pune, Maharashtra 411005

Venue:
Pandit Jawaharlal Nehru Sanskrutik Bhavan
1187/21, Ghoale Road,
Opposite Mahatma Phule Museum
Shivajinagar, Pune, Maharashtra 411005

21st Annual General Meeting
Friday, 5th August 2016
11.00 a.m.



Quick Heal Technologies Limited

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Email: cs@quickheal.co.in

Web: www.quickheal.com

Quick Heal
Security Simplified

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Quick Heal
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Quick Heal

Security Simplified

“At Quick Heal, we are determined to address the Cyber Security Challenges, effectively, and contribute towards strengthening the IT Security ecosystem.

We are positive on maintaining our current growth momentum in the future to meet up the rising need for IT security, globally.”

Kailash Katkar

MD and CEO

Quick Heal Technologies Ltd.



The year 2015-16 holds special significance in our remarkable journey of over two decades. We have grown to become the first IT Security Company to get listed in India. A well-known and widely accepted brand in the IT Security industry with substantial market share in India, now emerging with its footprints in the international markets as well. We have been awarded with noteworthy recognitions from the industry for our technological advancements. Our strong network of channel partners has been a key growth driver over these years, enabling us to continue with our strong hold across India and globally.

We are poised to grow and welcome you to join us in our growth journey!



Consumer



Mobile Security