**PROSPECTUS**
Dated February 13, 2016
Please read section 32 of the Companies Act, 2013
**Book Built Offer**

Quick Heal
*Security Simplified*

# QUICK HEAL TECHNOLOGIES LIMITED

Our Company was incorporated as CAT Computer Services Private Limited on August 7, 1995, at Pune, Maharashtra as a private limited company under the Companies Act, 1956. The name of our Company was changed from CAT Computer Services Private Limited to Quick Heal Technologies Private Limited and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Pune, Maharashtra to our Company on August 7, 2007. Thereafter, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on August 28, 2015 and consequently, the name of our Company was changed to Quick Heal Technologies Limited and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Pune, Maharashtra on September 8, 2015. For details of changes in the name and the registered office of our Company, see "*History and Certain Corporate Matters*" on page 159.

**Registered and Corporate Office:** Marvel Edge, Office No. 7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune 411 014, India
**Contact Person**: Vijay B. Shirode, Company Secretary and Compliance Officer
**Tel:** (91 20) 6681 3232; **Email:** cs@quickheal.co.in **Website:** www.quickheal.com
**Corporate Identity Number:** U72200MH1995PLC091408.

**Promoters of our Company: Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar**

**INITIAL PUBLIC OFFER OF 14,057,719^ EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("EQUITY SHARES") OF QUICK HEAL TECHNOLOGIES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 321 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 311 PER EQUITY SHARE) AGGREGATING UP TO ₹ 4,512.53 MILLION (THE "OFFER") CONSISTING OF A FRESH ISSUE OF UP TO 7,788,161^ EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 2,500.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 6,269,558 EQUITY SHARES BY KAILASH SAHEBRAO KATKAR, SANJAY SAHEBRAO KATKAR, SEQUOIA CAPITAL INDIA INVESTMENT HOLDINGS III AND SEQUOIA CAPITAL INDIA INVESTMENTS III (COLLECTIVELY, THE "SELLING SHAREHOLDERS") AGGREGATING UP TO ₹ 2,012.53 MILLION (THE "OFFER FOR SALE"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF 13,901,956^ EQUITY SHARES (THE "NET OFFER") AND A RESERVATION OF 155,763 EQUITY SHARES AGGREGATING UP TO ₹ 50.00 MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER WOULD CONSTITUTE 20.07% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL AND THE NET OFFER WOULD CONSTITUTE 19.85% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS ₹ 321 PER EQUITY SHARE AND IS 32.1 TIMES OF THE FACE VALUE.**

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), this is an Offer for at least such percentage of the post-Offer paid-up Equity Share capital of our Company which will be equivalent to ₹ 4,000.00 million calculated at the Offer Price. The Offer is being made through the Book Building Process in compliance with regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), wherein 50% of the Offer shall be allocated on a proportionate basis to qualified institutional buyers ("**QIBs**"). Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors ("**Anchor Investor Portion**") on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, 155,763 Equity Shares will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above Offer Price. All Bidders (other than Anchor Investors) shall participate in this Offer only through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For further details, see "*Offer Procedure*" on page 366.

## RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10each. The Offer Price is 32.1 times the face value. The Offer Price (determined and justified by our Company and the Selling Shareholders, in consultation with the BRLMs as stated in "*Basis for Offer Price*" on page 114) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 17.

## COMPANY AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of this Offer; that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Each Selling Shareholder severally accepts responsibility only for statements in this Prospectus in relation to itself and the Equity Shares being sold by it through the Offer for Sale. Each Selling Shareholder does not assume any responsibility for any other statements made in this Prospectus, including without limitation, any statements made by or relating to our Company, other Selling Shareholders or their respective businesses.

## LISTING

The Equity Shares offered in the Offer through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. In-principle approvals of BSE and NSE for listing the Equity Shares have been received pursuant to letter no. DCS/IPO/NP/IP/674/2015-16 dated October 9, 2015 and letter no. NSE/LIST/46430 dated October 14, 2015, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE Limited.

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE OFFER |
|---|---|---|---|
| ICICI Securities | Jefferies | J.P.Morgan | LINK INTIME INDIA PVT LTD |
| **ICICI Securities Limited**<br>ICICI Center, H.T. Parekh Marg<br>Churchgate, Mumbai 400 020<br>Tel: (91 22) 2288 2460<br>Fax: (91 22) 2282 6580<br>E-mail: quickheal.ipo@icicisecurities.com<br>Investor Grievance E-mail:<br>customercare@icicisecurities.com<br>Website: www.icicisecurities.com<br>Contact Person: Vishal Kanjani<br>SEBI Registration No.: INM000011179 | **Jefferies India Private Limited**<br>42/43, 2 North Avenue, Maker Maxity Bandra Kurla Complex<br>Bandra (East), Mumbai 400 051<br>Tel: (91 22) 4356 6000<br>Fax: (91 22) 6645 9319<br>E-mail:quickheal.ipo@Jefferies.com<br>Investor Grievance E-mail:<br>India.investor.grievance@Jefferies.com<br>Website: www.jefferies.com<br>Contact Person: Ranjan Prabhu<br>SEBI Registration No.: INM000011443 | **J. P. Morgan India Private Limited**<br>J.P. Morgan Tower, Off. C.S.T. Road Kalina,<br>Santacruz (East) Mumbai 400 098<br>Tel: (91 22) 6157 3000<br>Fax: (91 22) 6157 3911<br>E-mail:quickheal_ipo@jpmorgan.com<br>Investor Grievance E-mail:<br>investorsmb.jpmipl@jpmorgan.com<br>Website:www.jpmipl.com<br>Contact Person: Prateeksha Runwal<br>SEBI Registration No.: INM000002970 | **Link Intime India Private Limited**<br>C-13, Pannalal Silk Mills Compound<br>L.B.S. Marg Bhandup (West)<br>Mumbai 400 078<br>Tel: (91 22) 6171 5400<br>Fax: (91 22) 2596 0329<br>E-mail: qhtl.ipo@linkintime.co.in<br>Investor Grievance E-mail:<br>qhtl.ipo@linkintime.co.in<br>Website: www.linkintime.co.in<br>Contact Person: Shanti Gopalkrishnan<br>SEBI Registration No.: INR000004058 |

| BID/ OFFER PROGRAMME[1] | |
|---|---|
| **BID/OFFER OPENED ON: February 8, 2016** | **BID/OFFER CLOSED ON: February 10, 2016** |

(1) *The Anchor Investor Bid/ Offer Period was one Working Day prior to the Bid/ Offer Opening Date, i.e February 5, 2016.*
^ *Subject to finalization of basis of allotment*

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, enactment or regulation shall be to such legislation, enactment or regulation as amended from time to time. In the section "Main Provisions of the Articles of Association" on page 417, defined terms have the meaning given to such terms in the Articles of Association.*

**General Terms**

| Term | Description |
|---|---|
| Our "Company", the "Company", the "Issuer" or the "Holding Company" | Quick Heal Technologies Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Marvel Edge, Office No. 7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune 411 014, India |
| "We", "our", "us" or "Group" | Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries |

**Company Related Terms**

| Term | Description |
|---|---|
| Articles/ Articles of Association | Articles of association of our Company, as amended from time to time |
| Audit Committee | Audit committee of our Company constituted in accordance with Regulation 18 of the Listing Regulations and Companies Act, 2013 |
| Board/ Board of Directors | Board of directors of our Company or a duly constituted committee thereof |
| Bhukum Facility | Assembling unit of our Company situated at Flat no. 3, 2nd Floor, O2 Plaza Building, Sr. no. 41, At Post Bhukum, Mulshi 412 111, Maharashtra |
| Class 'A' Equity Shares | Equity Shares of the Company having preferential distribution on winding up of the Company. The authorised share capital of our Company was reclassified by reclassifying 2,500,000 Equity Shares of the Company as Class 'A' Equity Shares pursuant to resolutions passed by the Board and Shareholders on July 7, 2010 and July 29, 2010, respectively. Subsequently, the authorised share capital of our Company was changed again by reclassifying 2,500,000 Class 'A' Equity Shares as ordinary Equity Shares pursuant to resolutions passed by the Board and Shareholders on February 6, 2014 and February 26, 2014, respectively |
| Corporate Office | The corporate office of our Company, which is located at Marvel Edge, Office No.7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune 411 014, India |
| Director(s) | Director(s) on the Board of Directors |
| Equity Shares | Equity shares of our Company of face value of ₹ 10 each fully paid-up |
| ESOP 2010 | Employee stock option scheme instituted by our Company pursuant to resolutions dated June 10, 2010 passed by our Board and Shareholders, respectively |
| ESOP 2014 | Employee stock option scheme instituted by our Company pursuant to resolutions dated February 6, 2014 and February 26, 2014 passed by our Board and Shareholders, respectively |
| ESOP Schemes | ESOP 2010 and ESOP 2014 |
| Group Companies | Group companies of the Company as defined in "*Group Companies*" on page 189 |
| Investor Selling Shareholders | Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III |
| Key Management Personnel/KMPs | Key management personnel disclosed in "*Management – Key Management Personnel*" on page 182 |
| Memorandum of Association | Memorandum of association of our Company, as amended from time to time |
| Promoters | Promoters of our Company, namely Kailash Sahebrao Katkar, Sanjay |

| Term | Description |
|---|---|
| | Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar. For details, see "*Promoters and Promoter Group*" on page 185 |
| Promoter Group | Persons and entities constituting the promoter group of our Company as disclosed in "*Promoters and Promoter Group – Promoter Group*" on page 188 |
| Registered Office | The registered office of our Company, which is located at Marvel Edge, Office No. 7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune 411 014, India |
| Registrar of Companies/RoC | Registrar of Companies, Pune |
| Restated Consolidated Summary Statements | Restated consolidated summary statements of assets and liabilities as at March 31, 2015, 2014, 2013,2012 and September 30, 2015 and statement of profit and loss and cash flows for each of the years ended March 31, 2015, 2014, 2013, 2012 and six months ended September 30, 2015 of our Company and its Subsidiaries read alongwith all notes thereto disclosed in "*Financial Statements*" on page 251 |
| Restated Summary Statements | Collectively, the Restated Consolidated Summary Statements and the Restated Unconsolidated Summary Statements |
| Restated Unconsolidated Summary Statements | Restated unconsolidated summary statements of assets and liabilities as at March 31, 2015, 2014, 2013, 2012,2011 and September 30, 2015 and statement of profit and loss and cash flows for each of the years ended March 31, 2015, 2014, 2013, 2012,2011 and six months ended September 30, 2015 of our Company read alongwith all the notes thereto disclosed in "*Financial Statements*" on page 192 |
| Selling Shareholders | The selling shareholders in the Offer namely, (i) Kailash Sahebrao Katkar; (ii) Sanjay Sahebrao Katkar; (iii) Sequoia Capital India Investment Holdings III, and (iv) Sequoia Capital India Investments III |
| Sequoia | Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III |
| Shareholders | Shareholders of our Company |
| Statutory Auditors | S R B C & CO LLP, Chartered Accountants |
| Subsidiaries | Subsidiaries of our Company namely, (i) Quick Heal Technologies Japan K. K.; (ii) Quick Heal Technologies Africa Limited; (iii) Quick Heal Technologies America Inc.; and (iv) Quick Heal Technologies (MENA) FZE. |

**Offer Related Terms**

| Term | Description |
|---|---|
| Allot/Allotment/ Allotted | Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to successful Bidders. |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Allotment Advice | Note or advice or intimation of Allotment sent to each successful Bidder after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Anchor Escrow Account | Account opened with the Anchor Escrow Collection Bank and in which Anchor Investors will deposit the Bid Amount |
| Anchor Escrow Collection Bank | Axis Bank Limited |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of ₹ 100.00 million |
| Anchor Investor Bid/ Offer Period | The day, one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted |
| Anchor Investor Allocation Price | ₹ 321 per Equity Share, being the price within the Price Band at which allocation to Anchor Investors have been made, by the Company and the Selling Shareholders in consultation with the BRLMs |
| Anchor Investor Offer Price | ₹ 321 per Equity Share, being the final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus. The Anchor Investor Offer Price has been decided by our Company and Selling Shareholders, in consultation with the |

| Term | Description |
|---|---|
| | BRLMs |
| Anchor Investor Portion | Up to 60% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from Mutual Funds at or above the Anchor Investor Offer Price |
| Application Supported by Blocked Amount/ASBA | The process of submitting the Bid cum Application Form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorizing a SCSB to block the Bid Amount in the ASBA Account. ASBA is mandatory for all Bidders (other than Anchor Investors) |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by the Bidders (other than Anchor Investors) for blocking the Bid Amount mentioned in the Bid cum Application Form |
| Banker(s) to the Offer | Banks which are clearing members and registered with SEBI as bankers to an offer and with whom the Anchor Escrow Account, Refund Account and/or Public Offer Account has been opened, in this case being ICICI Bank Limited and Axis Bank Limited |
| Basis of Allotment | Basis on which the Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 404 |
| Bid(s) | An indication to make an offer during the Bid/ Offer Period by a Bidder (other than Anchor Investor) pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/ Offer Period by Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and the Bid cum Application Form and the term "Bidding" shall be construed accordingly |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and blocked in the ASBA Account on submission of a Bid in the Offer. |
| Bid cum Application Form | The form used by a Bidder to make a Bid and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus |
| Bid/ Offer Closing Date | Except in relation to Bids received from Anchor Investors, the date after which the Syndicate, the Designated Branches, the Registered Brokers, Collecting DPs and Collecting RTAs will not accept any Bids for the Offer, which has been notified in one English national newspaper, one Hindi national newspaper and one Marathi newspaper, each with wide circulation |
| Bid/ Offer Opening Date | Except in relation to Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches, the Registered Brokers, Collecting DPs and Collecting RTAs shall start accepting Bids for the Offer, which has been notified in one English national newspaper, one Hindi national newspaper and one Marathi newspaper, each with wide circulation |
| Bid/ Offer Period | Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof |
| Bid Lot | 45 Equity Shares |
| Bidder(s) | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form |
| Bidding Centres | Centres at which the Bid cum Application Forms have been accepted from the Bidders (other than Anchor Investors) by members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs, i.e., (i) Designated Branches of the SCSBs where the relevant ASBA Account mentioned in the Bid cum Application Form is maintained; (ii) Specified Locations for Syndicate, (iii) Broker Centres for Registered Brokers, (iv) Designated RTA Locations for Collecting RTAs and (v) Designated CDP Locations for Collecting DPs |
| Book Building Process | The book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Offer is being made |

| Term | Description |
|---|---|
| BRLMs/Book Running Lead Managers | The book running lead managers to the Offer, being ICICI Securities, Jefferies and JP Morgan |
| Broker Centres | Broker centres notified by the Stock Exchanges where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective website of the Stock Exchanges |
| CAN / Confirmation of Allocation Note | Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Offer Period |
| Cap Price | The higher end of the Price Band, subject to any revision thereto, above which the Offer Price will not be finalised and above which no Bids will be accepted |
| Collecting Depository Participant or Collecting DP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and have furnished their details to the stock exchanges for acting in such capacity<br><br>A list of Collecting DPs are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Collecting RTAs | Entities registered with SEBI as "Registrar to an Issue" which are eligible to procure Bids in terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to the stock exchanges for acting in such capacity<br><br>A list of Collecting RTAs are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Companies Act, 1956 | The Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder |
| Companies Act/ Companies Act, 2013 | The Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder |
| Compliance Officer | The company secretary of our Company who has been appointed as compliance officer of our Company |
| Controlling Branches | Such branches of SCSBs which coordinate Bids under the Offer with the BRLMs, the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI at http://www.sebi.gov.in |
| Cut-off Price | The Offer Price, finalised by our Company and the Selling Shareholders in consultation with BRLMs. Only Retail Individual Bidders, Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders, including address, name of the Bidder's father/husband, investor status, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which shall collect Bid cum Application Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in |
| Designated CDP Locations | Such locations of the Collecting DPs where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms.<br><br>The details of Designated CDP Locations, along with names and contact details of the Collecting DPs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Designated Date | The date on which the (i) Anchor Escrow Collection Bank transfer funds from the Anchor Escrow Account and (ii) instructions are issued to the SCSBs for transfer of funds from the ASBA Accounts, to the Public Offer Account or the |

| Term | Description |
|---|---|
| | Refund Account, as the case may be, in terms of this Prospectus |
| Designated RTA Locations | Such locations of the Collecting RTAs where Bidders can submit the Bid cum Application Forms.<br><br>The details of such Designated RTA Locations, along with names and contact details of the Collecting RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Designated Stock Exchange | BSE Limited |
| Draft Red Herring Prospectus or DRHP | The draft red herring prospectus dated September 29, 2015 filed with SEBI in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted |
| Eligible Employees | All or any of the following:<br><br>(a) permanent and full time employee of our Company or of Subsidiaries, (excluding such employees who are not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines and the Promoters and their immediate relatives) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company or a Subsidiary, as the case may be, until the submission of the Bid cum Application Form and is based, working in India as on the date of submission of the Bid cum Application Form; and<br>(b) a Director of our Company, whether a whole time Director or otherwise, (excluding such Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines and the Promoters and their immediate relatives) as of the date of filing the Red Herring Prospectus with the RoC and who continues to be a Director of our Company until the submission of the Bid cum Application Form and is based in India as on the date of submission of the Bid cum Application Form.<br><br>An employee of our Company or of Subsidiaries, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and a full time employee'<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹200,000 |
| Eligible FPI(s) | FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares |
| Employee Reservation Portion | Portion of the Offer being 155,763 Equity Shares aggregating up to ₹50.00 million available for allocation to Eligible Employees, on a proportionate basis |
| Engagement Letter | The engagement letter dated September 28, 2015 between our Company, the Selling Shareholders, ICICI Securities, Jefferies and JP Morgan |
| Escrow Agent | Escrow agent appointed pursuant to the Share Escrow Agreement, being Link Intime India Private Limited |
| Escrow Agreement | Agreement dated January 29, 2016 entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Anchor Escrow Collection Bank, Public Offer Account Bank and the Refund Bank for collection of the Bid Amounts and where applicable, refund of amounts collected to the Bidder |
| Fresh Issue | Fresh issue of up to 7,788,161[^] Equity Shares by our Company aggregating up to ₹ 2,500 million, in the Offer |

| Term | Description |
|---|---|
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids will be accepted |
| ICICI Securities | ICICI Securities Limited |
| Jefferies | Jefferies India Private Limited |
| JP Morgan | J. P. Morgan India Private Limited |
| Listing Agreement | Equity listing agreement to be entered into by our Company with the Stock Exchanges |
| Mutual Funds | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Mutual Fund Portion | 5% of the QIB Portion (excluding the Anchor Investor Portion), or 139,020^ Equity Shares which shall be available for allocation to Mutual Funds only |
| Net Offer | Offer less the Employee Reservation Portion |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of Offer expenses. For further information about the Offer expenses, see "*Objects of the Offer – Offer related expenses*" on page 111 |
| Net QIB Portion | The portion of the QIB Portion, less the number of the Equity Shares Allotted to the Anchor Investors. |
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Offer being not more than 15% of the Net Offer, or 2,085,294^ Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price |
| Offer | Public offer of 14,057,719^ Equity Shares for cash at a price of ₹ 321 each, aggregating up to ₹ 4,512.53 million including Fresh Issue and Offer for Sale, pursuant to the terms of the Red Herring Prospectus<br><br>The Offer comprises of Net Offer to the public aggregating up to ₹ 4,462.53 million and Employee Reservation Portion |
| Offer Agreement | The agreement dated September 28, 2015 between our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | An offer for sale of up to 6,269,558 Equity Shares by the Selling Shareholders, in the Offer |
| Offer Price | ₹ 321 per Equity Share, being the final price at which the Equity Shares will be Allotted in terms of the Red Herring Prospectus. The Offer Price has been decided by our Company and the Selling Shareholders, in consultation with BRLMs on the Pricing Date. Unless otherwise stated or the context otherwise implies, the term Offer Price refers to the Offer Price applicable to investors other than Anchor Investors |
| Offer Proceeds | The proceeds of the Offer available to our Company and the Selling Shareholders. For further information about use of Offer Proceeds, see "*Objects of the Offer*" on page 104 |
| Price Band | Price Band of a minimum price of ₹ 311 per Equity Share (Floor Price) and the maximum price of ₹ 321 per Equity Share (Cap Price), including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer has been decided by our Company and the Selling Shareholders, in consultation with the BRLMs and advertised, at least five Working Days prior to the Bid/ Offer Opening Date, in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, and the Pune edition of Marathi daily newspaper Janshakti (Marathi being the regional language of Maharashtra, the state where our Registered Office is located), each with wide circulation. |
| Pricing Date | February 11, 2016, being the date on which our Company and the Selling |

| Term | Description |
|---|---|
| | Shareholders, in consultation with the BRLMs, have finalised the Offer Price |
| Prospectus | This Prospectus dated February 13, 2016 filed with the RoC in accordance with Section 26 of the Companies Act, 2013 containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information |
| Public Offer Account | Account opened with the Bankers to the Offer to receive monies from the Anchor Escrow Account and to which funds shall be transferred by the SCSBs from the ASBA Accounts, on or after the Designated Date |
| Public Offer Account Bank | ICICI Bank Limited |
| QIB Category / QIB Portion | The portion of the Offer (including the Anchor Investor Portion) being 50% of the Net Offer consisting of 6,950,977^ Equity Shares which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis |
| Qualified Institutional Buyers or QIBs | Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | The red herring prospectus dated January 29, 2016 and as supplemented by corrigendum dated January 30, 2016, addendum dated February 1, 2016, addendum cum corrigendum dated February 3, 2016 and addendum dated February 8, 2016, issued by our Company in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered |
| Refund Account | The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made |
| Refund Bank | Axis Bank Limited |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable |
| Registered Brokers | Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate |
| Registrar to the Offer /Registrar | Registrar to the Offer, being Link Intime India Private Limited |
| Retail Individual Bidder(s) | Individual Bidders, (other than Eligible Employees Bidding in the Employee Reservation Portion) who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the Bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs) |
| Retail Portion | The portion of the Offer being not more than 35% of the Net Offer, or 4,865,685^ Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price |
| Revision Form | Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). Kindly note that QIB Bidders and Non-Institutional Bidders for Bid Amount above ₹ 200,000 are not allowed to withdraw or lower their Bid (in terms of number of Equity Shares or the Bid Amount) at any stage |
| Self Certified Syndicate Bank(s) or SCSB(s) | The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in |
| Share Escrow Agreement | Agreement dated January 29, 2016 entered into between the Selling Shareholders, our Company, the Escrow Agent and the BRLMs in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time |
| Stock Exchanges | BSE and NSE |
| Syndicate Agreement | The agreement dated January 29, 2016 entered into amongst the BRLMs, the Syndicate Members, the Selling Shareholders and our Company in relation to the collection of Bids in this Offer (excluding Bids submitted to the SCSBs at |

| Term | Description |
|---|---|
| | designated branches, Registered Brokers at the Broker Centres, Collecting DPs at the Designated CDP Locations and Collecting RTAs at the Designated RTA Locations) |
| Syndicate Bidding Centres | Syndicate and Sub Syndicate centres established for acceptance of the Bid cum Application Forms and Revision Forms |
| Syndicate Members | Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, the BRLMs |
| Syndicate/ members of the Syndicate | BRLMs and Syndicate Members |
| TRS/Transaction Registration Slip | The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid |
| U.S. QIBs | Qualified institutional buyers, as defined in Rule 144A under the Securities Act |
| Underwriters | ICICI Securities Limited, Jefferies India Private Limited and J. P. Morgan India Private Limited |
| Underwriting Agreement | The agreement dated February 13, 2016 amongst the Underwriters, the Selling Shareholders and our Company |
| Working Days | All trading days of stock exchanges excluding of Sundays and bank holidays in Mumbai in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

**Technical/Industry Related Terms/Abbreviations**

| Term | Description |
|---|---|
| BFSI | Banking, Finance Services and Insurance companies |
| CGU | Cash-Generating Unit |
| Cloud | Storing and accessing data and programs over the Internet |
| CSR | Corporate Social Responsibility |
| DLP | Data loss prevention |
| EBITDA | Earnings before interest, tax, depreciation and amortisation being earning before finance cost, tax and depreciation and amortisation and exceptional items, calculated as revenue from operations (net) less total expenses (expenses other than depreciation and amortisation, exceptional items, finance cost and tax) |
| EBITDA Margin | EBITDA divided by revenue from operations (net) |
| E&O policy | Errors and omissions insurance policy |
| FZE | Free Zone Establishment limited liability legal entity |
| Gross Profit | Revenue from operations (net) less raw materials consumed, purchase of security software products, (increase)/decrease in security software products, web publishing expenses and freight and forwarding expenses |
| Gross Margin | Gross Profit divided by revenue from operations (net) |
| IDS/IPS | Intrusion Detection/Prevention System |
| IOT | Internet of Things |
| IRDA | Insurance Regulatory and Development Authority |
| IASB | International Accounting Standards Board |
| JGAAP | Generally Accepted Accounting Policies in Japan |
| MAT | Minimum Alternate Tax |
| MDM | Mobile device management |
| MENA | Middle East and North Africa |
| NovaShield | NovaShield, Inc. |
| NSSF | National Social Security Fund – Kenya |
| OS | Operating System |
| PWD | Public Works Department |
| Restated profit Margins | Restated profit divided by revenue from operations (net) |
| R&D | Research and Development |
| R&D - related expenses | Salaries paid for R&D employees, fees for technical services and technological subscription charges |

| Term | Description |
|---|---|
| RECs | Regional engineering colleges |
| SMBs | Small and medium-sized businesses |
| SMEs | Small and Medium-sized Entities |
| SP Software | SP Software Technologies (I) Private Limited |
| URL | Uniform Resource Locator, a reference to a web address |
| UTM | Unified Threat Management |
| VAT | Value Added Taxes |
| WARF | Wisconsin Alumni Research Foundation |
| WDV | Write-Down Value |
| Zinnov | Zinnov Management Consulting |

**Conventional Terms/ Abbreviations**

| Term | Description |
|---|---|
| AGM | Annual general meeting |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| AS/Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| BSE | BSE Limited |
| CAGR | Compounded annual growth rate being, annualised average year-over-year growth rate over a specific period of time which is calculated using the formula as below:<br>{[V(t_n)/V(t_0)]^(1/(t_n-t_0)]} - 1*<br><br>* V(t_0) : start value, V(t_n) : finish value, t_n - t_0 : number of years. |
| Category I Foreign Portfolio Investors | FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations |
| Category II Foreign Portfolio Investors | FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations |
| Category III Foreign Portfolio Investors | FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate identity number |
| Client ID | Client identification number of the Bidder's beneficiary account |
| Depositories | NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 |
| DIN | Director identification number |
| DP ID | Depository participant's identification |
| DP/Depository Participant | A depository participant as defined under the Depositories Act |
| EGM | Extraordinary general meeting |
| EPS | Earnings per share |
| FCNR | Foreign currency non-resident |
| FDI | Foreign direct investment |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| FII(s) | Foreign Institutional Investors as defined under the SEBI FPI Regulations |
| FPI(s) | A foreign portfolio investor as defined under the SEBI FPI Regulations |
| Financial Year/Fiscal/FY/Fiscal Year/fiscal year | The period of 12 months ending March 31 of that particular year |
| FIPB | Foreign Investment Promotion Board |
| FVCI | Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| GID | General Information Document notified by SEBI on October 23, 2013 |
| GDP | Gross domestic product |

| Term | Description |
|---|---|
| GIR | General index register |
| GoI/Government | Government of India |
| HUF | Hindu undivided family |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Income Tax Act/ I.T. Act | The Income Tax Act, 1961 |
| Ind AS | Indian Accounting Standards |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial public offering |
| Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| MICR | Magnetic ink character recognition |
| Mutual Funds | A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| National Investment Fund | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India |
| NAV | Net asset value |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NR / Non-Resident | A person resident outside India, as defined under the FEMA and includes an NRI, FIIs, FPIs, QFIs and FVCIs |
| NRE Account | Non resident external account |
| NRI | A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 |
| NRO Account | Non resident ordinary account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB / Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| p.a. | Per annum |
| P/E Ratio | Price/earnings ratio |
| PAN | Permanent account number |
| PAT | Profit after tax |
| RBI | Reserve Bank of India |
| Ripplewave | Ripplewave Advisors LLP. Originally incorporated as RippleWave Equity Private Limited and further changed its name to RippleWave Advisors Private Limited and later on converted to limited liability partnership, being Ripplewave Advisors LLP |
| RoNW | Return on net worth |
| ₹/Rs./Rupees | Indian Rupees |
| RTGS | Real time gross settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| Securities Act | U.S. Securities Act of 1933 |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |

| Term | Description |
|---|---|
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 |
| SICA | The Sick Industrial Companies (Special Provision) Act, 1985 |
| State Government | Government of a State in India |
| sq. ft. | Square feet |
| sq. mt. | Square metre |
| UAE | United Arab Emirates |
| UK | United Kingdom |
| U.S. / United States / USA | United States of America |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| USD / US$ | United States Dollars |
| VCFs | Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be |

^ *Subject to finalization of basis of allotment*

The words and expressions used in this Prospectus but not defined herein shall have the same meaning as is assigned to such words and expressions under the SEBI ICDR Regulations, the Companies Act, 1956, to the extent applicable, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations made thereunder notwithstanding the foregoing, terms in "*Statement of Tax Benefits*" and "*Financial Statements*" on page 118 and 192, respectively, shall have the meanings given to such terms in those respective sections.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to "India" contained in this Prospectus are to the Republic of India, all references to the "U.S.", "USA" or the "United States" are to the United States of America and all references to "UAE" are to the United Arab Emirates.

### Financial Data

Unless stated otherwise, financial data included in this Prospectus is derived from the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements which have been prepared in accordance with Indian GAAP and the Companies Act, 1956 and / or Companies Act, 2013, as applicable and restated in accordance with the SEBI ICDR Regulations. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Our Company's financial year commences on April 1 and ends on March 31 of the next year and accordingly all references to a particular financial year, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. The reconciliation of the financial information to IFRS or U.S. GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus, and we urged the investors to consult their own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act, 1956 and/or Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act, the SEBI ICDR Regulations on the financial disclosures presented in this Prospectus should accordingly be limited.

All numbers in this Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000.

Unless the context requires otherwise, any percentage amounts, as set forth in this Prospectus, including in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 140 and 302 respectively, have been calculated on the basis of the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements.

### Currency and Units of Presentation

All references to:

- "AED" or "UAE Dirham" are to United Arab Emirates Dirham, the official currency of United Arab Emirates;
- "JPY" are to Japanese Yen, the official currency of Japan;
- "KES" are to Kenyan Shillings, the official currency of Kenya.
- "₹" or "Rupees" are to Indian Rupees, the official currency of the Republic of India; and
- "US$" or "USD" are to United States Dollars, the official currency of the United States of America.

This Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and (i) the AED (in Rupees per AED), (ii) JPY (in Rupees per JPY), (iii) KES (in Rupees per KES):and (iv) US$ (in Rupees per US$)

| Currency | As on March 30, 2012*** (₹) | As on March 28, 2013 (₹)** | As on March 28, 2014 (₹)* | As on March 31, 2015 (₹) | As on September 30, 2015 (₹) |
|---|---|---|---|---|---|
| AED | 13.87 | 14.82 | 16.30 | 16.97 | 17.85 |
| JPY | 0.62 | 0.58 | 0.59 | 0.52 | 0.55 |
| KES | 0.61 | 0.64 | 0.69 | 0.67 | 0.63 |
| US$ | 50.95 | 54.49 | 59.88 | 62.31 | 65.56 |

*Source: Bloomberg*
**Not available for March 29, 2014, March 30, 2014 and March 31, 2014 as these were non-trading days*
***Not available for March 29, 2013, March 30, 2013 and March 31, 2013 as these were non-trading days*
****Not available for March 31, 2012 as it was a non-trading day*

**Industry and Market Data**

Statistical information, industry and market data used throughout this Prospectus has been obtained from the reports titled "Industry Overview and Trends – India" and "IT Security Market India - Inferences" by Zinnov Management Consulting, both dated September 2015 (the "**Zinnov Reports**") which is commissioned report prepared by Zinnov Management Consulting ("**Zinnov**").

We have not commissioned any report for purposes of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus other than the Zinnov Reports. We commissioned Zinnov to provide an independent assessment of the opportunities, dynamics and competitive landscape of the information technology industry. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Prospectus are reliable, it has not been independently verified by us, the Selling Shareholders or the BRLMs or any of their affiliates or advisors. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factor - This Prospectus contains information from an industry report which was prepared by Zinnov Management Consulting pursuant to an engagement with our Company*" on page 33. Accordingly, investment decisions should not be based solely on such information.

**Definitions**

For definitions, see "*Definitions and Abbreviations*" on page 3.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Sales to home users of our "Quick Heal" branded products;
- Our ability to retain existing users and acquire new customers;
- Our ability to produce successful solutions or enhancements to solutions;
- Our ability to maintain successful relationships with our channel partners and attract new partners;
- The growth of our international operations; and
- The quality of our support services.

For further discussion on factors that could cause actual results to differ from expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 140 and 302, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, the Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company will ensure that the investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. Each of the Selling Shareholders will severally ensure that investors are informed of material developments solely in relation to statements and undertakings made by such Selling Shareholder in this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition, results of operations and cash flows could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the considerations described below and elsewhere in this Prospectus. See "Forward-Looking Statements" on page 16.*

**Internal Risks**

***1. If we do not successfully anticipate market needs or develop and introduce new solutions that meet users' needs on a timely basis, we may not be able to compete effectively and our revenue, reputation, financial conditions, results of operations and cash flows may be adversely affected.***

We operate in a market that is characterised by rapidly changing technologies and business plans, which require users to adapt to increasingly complex IT infrastructures that incorporate a variety of hardware, software applications, operating systems and networking protocols. As our users' technologies and business plans grow more complex, we expect them to face new and increasingly sophisticated methods of cyber attacks. Our solutions focus on safeguarding IT systems, infrastructure, applications, network, information and data. However, hackers, cybercriminals and advanced cyber attackers are skilled at adapting to new technologies and developing new methods of gaining access to users' sensitive personal and business data. Although the market expects us to timely introduce improved solutions to respond to new threats, the development of these solutions can be challenging and time-consuming. We may experience delays in the introduction of such new solutions, updates, enhancements and features. If we fail or are perceived to fail to respond to the rapidly changing needs of our end-users by developing upgraded solutions and introducing them on a timely basis that effectively protect against new security threats, our competitive position, reputation and business prospects could be harmed.

Our solution enhancements or new solutions could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing enhancements or new solutions;
- inability to protect against new types of attacks or techniques used by cyber attackers, hackers or other data thieves;
- negative publicity about the performance or effectiveness of our introduced solutions;
- introduction or anticipated introduction of competing products by our competitors; and
- difficulties in installation, configuration or usage errors by our users.

***2. We face intense competition, and competition may have a negative impact on our business prospects, future performance and financial condition.***

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 expect competitive pressures to lead to increases in expenses such as advertising and sales promotion expenses,

R&D expenses, product rebates, product placement fees, and marketing support provided to our channel partners. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. Current or potential competitors may be acquired by third parties with greater available resources. 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.

Our competitors may enjoy potential competitive advantages over us, such as:

- greater name recognition, a longer operating history, a larger customer base and extensive international operations;
- larger sales and marketing budgets and resources;
- larger technical teams, research and product development budgets and resources;
- broader distribution and established relationships with channel partners and hardware vendors;
- greater customer support resources;
- resources to make acquisitions; and
- larger intellectual property portfolios.

*Low-priced or free competitive products.* Security protection is increasingly being offered by third parties at significant discounts to our prices or, in some cases is bundled for free. The widespread inclusion of lower-priced or free products that are perceived to perform the same or similar functions as our products within computer hardware or other companies' software products could potentially reduce the need for our products or render our products unmarketable — even if these incorporated products are inferior or more limited than our products. It is possible that a major competitor may offer a free anti-virus or anti-malware enterprise product. For instance, software companies may partner with manufacturing companies to provide pre-loaded anti-virus on smartphones and other mobile devices. Thus, we face competition from competitors like AVAST and AVG which provide several freemium products and with whom we compete to acquire users, especially those users who are sensitive to pricing.

*Smaller competitors*. Additionally, from time to time we may compete with smaller regional vendors that offer products with a limited range of capabilities or customised solutions for specific segment that purport to perform functions similar to our solution. Such companies may enjoy stronger sales and service capabilities in their particular regions or segment. Smaller and/or newer companies often compete aggressively on price and may force us to reduce prices or face loss of users.

***3. Our financial results may vary from time to time, due to fluctuations in demand for our solutions, making it difficult to project future results.***

Our portfolio of solutions initially targeted home users but in recent years we have increased our focus on small and medium-sized businesses ("**SMBs**"), enterprise customers, educational institutions, government agencies and departments. In addition, high visibility attacks on prominent enterprises and governments have increased market awareness of the problem of cyber attacks and malware and help to provide an impetus for customers to devote resources to protecting against such problems. If cyber attacks and malware-related issues were to decline or potential customers perceived that the general level of advanced cyber attacks have declined, our ability to attract

new customers and expand our offerings within our existing customers could be materially and adversely affected. A reduction in the threat landscape could increase our sales cycles and harm our financial condition, business, results of operations and cash flows.

Demand for our solutions may fluctuate from period to period due to factors such as general economic conditions, competition, brand recall, product obsolescence, technological change, shifts in buying patterns, financial and business conditions of our current and potential customers and levels of Internet usage. A variety of factors may hence cause volatility in our financial results, making any projections of future results uncertain. Such factors include but are not limited to fluctuations in demand for or pricing of our solutions, the expectation by our channel partners of higher incentives, timing of orders and payments, issues relating to alliances with third parties, product and geographic mix and timing of new solutions.

There are also particular factors driving demand for each of our specific solutions. For instance, demand for our solutions among enterprise customers is driven by such customers' need for protection of business-critical data, potential users' awareness of Internet security threats (including cybercrime) generally, the perceived potential damage caused by information loss and other factors. A change in the factors driving demand for our solutions generally or for a particular solution could adversely affect our revenue, financial condition, results of operations and cash flows.

***4. We depend heavily on sales to home users of our "Quick Heal" branded products and any factor adversely affecting sales of our solutions to home users will negatively impact our profitability, results of operations and cash flows.***

We sell our solutions under the brand names "Quick Heal" and "Seqrite." We believe that the recognition and reputation of our "Quick Heal" and "Seqrite" brands among end users have significantly contributed to the growth of our business and hence maintaining and enhancing both of these brands is critical to our business. Our business depends on our brand recognition and the failure to maintain or enhance our brand image could adversely affect our business operations.

We depend heavily on sales of our "Quick Heal" branded solutions to home users. While we have recently expanded our portfolio of solutions with the launch of "Seqrite" branded solutions and have increased focus on acquiring enterprises, educational institutions and government departments and agencies as customers, we expect sales of "Quick Heal" branded products to home users to continue to constitute a majority of our sales and profits over the next few years.

***5. Our business and operations have experienced rapid growth in recent periods, and if we do not effectively manage any future growth or are unable to improve our systems and processes, integrate new systems or train new employees, our operating results may be adversely affected.***

We have experienced rapid growth and increased demand for our products and solutions over the last few years. The number of active licenses installed by our users has increased from 2.5 million as of March 31, 2011 to 7.13 million as of December 31, 2015. Our total revenue grew at a CAGR of 21.94% over the last five fiscal years. Our revenue from operations (net) for the six months ended September 30, 2015 was ₹1,481.84 million. Our revenue from operations (net) for fiscal years 2015, 2014 and 2013 was ₹ 2,861.15 million, ₹ 2,428.38 million and ₹ 2,050.05 million, respectively. Our headcount has increased from 644 as of March 31, 2013 to 1,173 as of March 31, 2015, and 1,396, as of December 31, 2015 and we plan to continue to hire additional employees across various functions. Our rapid growth has placed significant demands on our management, sales, operational and financial infrastructure, and our growth will continue to place significant demands on these resources. Further, in order to manage our current and future growth effectively, we must continue to improve and expand our infrastructure, operating and administrative systems and controls, invest in brand building and efficiently manage headcount, capital and processes. We may not be able to successfully manage these resources in a timely or efficient manner, and our failure to do so may materially impact our projected growth rate and future results.

As we continue to invest in the growth of our business, our operating and net profit margins and our operating and net income may decline, primarily as a result of the increase in operating costs associated with our increased rate of investment in research and development ("**R&D**"), increased investments in advertising and sales promotion activities, additional headcount growth and our increased administrative costs in connection with becoming a public company.

Further, on account of the various reasons mentioned above, our EBITDA margins have been impacted in the past

and may continue to be adversely impacted in the future as well. For the six months ended September 30, 2015, our EBITDA margin was 29.69% while for the fiscal years 2015, 2014 and 2013, our EBITDA margins were 32.09%, 42.98% and 51.30%, respectively.

Any inability to manage our growth, integrate new systems or train new employees could negatively affect our business, financial condition, results of operations and cash flows.

***6. If we are unable to retain existing users and acquire new customers, our future revenues and operating results will be harmed.***

Our Company's future success depends on our ability to increase sales of solutions to new users and retain existing users. Some of our customers may stop using our solutions in any given period due to, among other things, the cost of switching to the solutions of competitors on existing hardware being minimal and some competitors' products being preinstalled on new hardware purchased by our users. For example, in the security software market, many new desktop/laptop computers have pre-installed security products. In addition, we may not be able to acquire new users if our solutions are perceived to be less cost effective or other products and solutions of comparable or better quality are available in the market at the same or lower cost.

Our success also depends on our ability to acquire new users, home users as well as enterprises, educational institutions and government customers. The number of users that we add in a given period impacts both our short-term and long-term revenues. If we are unable to attract a sufficient number of new users, we may be unable to generate revenue growth at desired rates. Our industry is highly competitive and many of our competitors have substantial financial, personnel, technical and other resources that they utilise to develop products and attract users. As a result, it may be difficult for us to add new users to our customer base. Additional factors that may impact our ability to acquire new users include the perceived need for IT security, the size of our prospective users' IT budgets, the utility and efficacy of our existing and new solutions, whether proven or perceived, and general economic conditions. Our efforts to retain existing users and acquire new users require a significant investment in building and maintaining customer relationships, as well as significant R&D efforts in order to provide upgrades and launch new solutions.

***7. We invest in brand building and our business, financial condition, results of operations and cash flows may be negatively affected by any adverse publicity regarding our brand and/or solutions.***

We sell our solutions under the brand names "Quick Heal" and "Seqrite". We believe that the recognition and reputation of our "Quick Heal" and "Seqrite" brands among end users have significant impact on our business prospects. For the six months ended September 30, 2015, we incurred ₹ 90.20 million on advertising and sales promotion. In fiscal years 2015, 2014 and 2013, we incurred ₹ 288.09 million, ₹ 223.10 million and ₹ 190.28 million, respectively, on advertising and sales promotion. Further, for the six months ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we incurred ₹ 54.58 million, ₹ 134.53 million, ₹ 109.70 million and ₹ 70.48 million, respectively, on business promotion expenses. If our marketing and advertising programmes are unsuccessful, our results of operations and cash flows could be materially adversely affected. Further, as we continue to invest in brand building and incur expenditure on advertising and sales promotion as well as business promotion, our operating profit margin, EBITDA margin and net profit margins may decline and our operating income, EBITDA and net income may be adversely impacted. For details, see "*Our Business — Advertising and Sales Promotion*" on page 105.

Our "Quick Heal" and "Seqrite" branded solutions may become subject to adverse publicity due to an actual, perceived or potential specific quality issue or the solution not meeting the user's requirements. Our reputation may also be adversely affected by negative user reviews on online forums, technical journals and elsewhere. Any such event would likely impact our market share and the demand for our solutions thereby affecting our business, financial condition, results of operations and cash flows.

The brand positioning and sales of our solutions may also be adversely affected on account of various factors which may be beyond our control. Our solutions may falsely detect threats that do not actually exist or identify applications or content as malware based on the classifications. False detection of threats, while typical in our industry, may reduce perception of the reliability of our solutions and may therefore adversely impact market acceptance of our products and solutions. In addition, we may become involved in litigation and may be subject to civil actions and/or monetary penalties in connection with such false detection of threats. There can be no assurance that, despite testing by us, errors will not be found in existing and new versions of our solutions, resulting in loss of or delay in market acceptance. In such an event, we may be required, or may choose, for user

relations or other reasons, to expend additional resources in order to help correct the problem and, in an extreme situation, be unable to rectify the problem, which may significantly impact our reputation, competitive position and business prospects.

In addition, changes in the nature of advanced cyber threats could render our solutions obsolete and may result in a shift in IT budgets away from solutions such as ours. If solutions such as ours are not viewed by users as necessary or integral to their operations, or if they do not recognise the benefit of our solutions as a critical layer of an effective cyber security strategy, then our revenues may not grow as quickly as expected, or may decline, and our financial position could suffer.

We may not be able to undertake effective marketing initiatives to deepen the presence of our brand and differentiate it from competition. In addition, current and future competitors may also introduce new and more competitive solutions which may adversely affect the sales of our solutions to end users. We also have a large channel partner network that helps us to reach a larger number of users and any disruption in our relationship with these channel partners may disrupt sales. Any decrease in sales to home users may have an adverse effect on our business, financial condition, results of operations and cash flows.

We propose to spend a large proportion of the proceeds from the Fresh Issue for our advertising and sales promotion activities. There can be no assurance that we will be successful in our efforts and such initiatives will result in increased sales and greater brand recognition. For details, please see "*Objects of the Offer - Advertising and sales promotion*" on page 105.

***8. Our quarterly operating results vary and hence a comparison of our quarterly results may not be meaningful.***

Our quarterly operating results have been, and may continue to be, subject to variation, depending on several factors that may cause us to record higher revenue in some quarters compared with others. For example, we have historically recorded the highest level of revenue in our fourth quarter, which we believe corresponds to the fourth quarter results/performance of a majority of our channel partners and end users. The first and third quarters of our fiscal years typically correspond to lower quarterly revenues.

In addition to fluctuations in quarterly revenues, our operating costs are also not fixed and may vary from quarter to quarter. As a result of these factors, our profitability may also vary from quarter to quarter and we may make losses in some quarters.

We expect these fluctuations in our quarterly results to continue. As a result, we believe that quarterly comparisons of our financial results should not be relied upon as an indication of our future performance. In addition, if our rate of growth slows over time, seasonal or cyclical variations in our operations may become more pronounced, and our business, results of operations and cash flows may be adversely affected.

***9. Our R&D efforts and investments may not produce successful results or solutions or enhancements to our solutions that result in significant revenue or other benefits in the near future, or at all.***

We have, in recent quarters, increased our R&D efforts and expect to continue to dedicate significant financial and other resources to our R&D efforts in order to maintain our competitive position. For the six months ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we expensed ₹290.22 million, ₹ 459.54 million, ₹ 312.07 million and ₹ 196.87 million, respectively, on R&D-related expenses, which formed 19.59%, 16.06%, 12.85% and 9.60% of our revenue from operations (net) in these periods.

In addition, on account of us continuing to incur R&D-related expenses and making further investments in R&D, our EBITDA margins have been impacted in the past and may continue to be adversely impacted in the future as well. For the six months ended September 30, 2015, our EBITDA margin was 29.69% while in fiscal years 2015, 2014 and 2013, our EBITDA margins were 32.09%, 42.98% and 51.30%, respectively.

We define R&D-related expenses to include salaries paid for R&D employees, fees for technical services and technological subscription charges. In addition, capital expenditure for R&D is also one of the Objects of the Offer. For details, see "*Objects of the Offer - Capital expenditure on research and development*" on page 107. However, investing in R&D, developing new solutions and enhancing existing solutions is expensive and time consuming, and there is no assurance that such activities will result in significant new marketable solutions or enhancements to our solutions, design improvements, cost savings, revenues or other expected benefits. If we

spend significant time and effort on R&D and are unable to generate an adequate return on our investment, our business, results of operations and cash flows may be materially and adversely affected.

***10. Sales of counterfeit or imitation solutions may impact our reputation and revenue which may in turn affect our financial position.***

As is the case with leading products around the world, our solutions may be subject to efforts by third parties to produce counterfeit versions of our solutions. While we work diligently to block counterfeit products and stop their sale, and to detect counterfeit products in customer networks, there can be no guarantee that such efforts will succeed. While counterfeiters often aim their sales at customers who might not have otherwise purchased our products, such counterfeit sales, to the extent they replace otherwise legitimate sales, could adversely affect our sales volume or market share. In addition, our failure to detect counterfeiting or imitation of our brand names and trademarks and to mitigate the adverse impact from such counterfeiting and imitation could result in negative publicity and impact our brand name and reputation. We may also need to spend resources such as management time and money on litigation relating to these counterfeit or imitation products.

***11. Our Company and our Directors have been named respondents in a criminal proceeding.***

Our Company, on behalf of our Directors Kailash Sahebrao Katkar and Mehul Mulchand Savla, has received two letters from the Special Investigation Unit of the Police Station at Baddi in the state of Himachal Pradesh in July 2014 to provide certain documents and join the investigation in relation to the first information report filed by Umesh Gupta, Director of Softalk Technologies Limited against the then directors and management of our Company ("**FIR**"). The first information report pertains to allegations of cheating, forgery and criminal conspiracy. Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Mehul Mulchand Savla and others are in the process of filing a quashing petition before High Court of Himachal Pradesh at Shimla (the "**High Court**") against the FIR. Umesh Gupta has further filed a writ petition before the High Court against State of Himachal Pradesh, Director General of Police, Himachal Pradesh, Superintendent of Police, Baddi District, Himachal Pradesh, our Company, Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Mehul Mulchand Savla and others against the decision of the police to prepare and submit a cancellation report for closure of the FIR without proper investigation. See also the section "*Outstanding Litigation and Other Material Developments – Litigation against our Company – Criminal proceedings*" on page 333.

It is possible that criminal proceedings against our Directors may render them ineligible to hold their existing positions in our Company. Any conviction of our Directors as well as any penalties or other action against our Company and/or our Directors for the offences alleged by the complainant may potentially cause negative publicity thereby affecting our reputation, business, financial condition, results of operations and cash flows.

***12. We are exposed to counterparty credit risk and frauds in our operations which may have an adverse impact on our financial condition.***

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 between 60 to 90 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 (through a disruption in our network) have a material adverse effect on our results of operations and cash flows. In fiscal year 2014, we made a one time charge to our Profit and Loss account of ₹ 173.28 million as an exceptional items, for the provision created due to default by one of our distributors and fraud by one of our employees, which negatively impacted our financial condition. For details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Counterparty Credit Risk*" on page 331.

***13. If we fail to maintain successful relationships with our channel partners, or attract new channel partners, especially in our international operations, our business and growth prospects may be harmed.***

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. Our channel partners include service providers, system integrators, resellers and distributors. Service providers typically sell directly to end users and often provide system installation, technical support, professional services, and other support services

in addition to network equipment sales.

We categorise our sales as retail sales and other sales. Our retail sales are conducted primarily through our retail channel partners and we define retail sales as all sales, other than those through our enterprise channel partners, government partners, mobile channel partners and sales outside India. Based on this definition, other sales refers to sales where our sales team works closely with the enterprise, government and mobile channel partners, as well as the eventual end users, such as enterprises and government customers, to sell our solutions. For the six months ended September 30, 2015, we derived 86.76% and 13.24% of our revenue from retail sales and other sales, respectively. For fiscal year 2015, we derived 86.67% and 13.33% of our revenue from retail sales and other sales, respectively.

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. Our standard distribution agreements with our channel partners are valid until terminated by us. We may also work with certain channel partners without any legal agreement. For more details on our channel partners, see "*Our Business — Sales and Distribution*" on page 150.

Though we set minimum sales targets for our channel partners which we review annually, we have limited control over the amount of software that our channel partners will eventually purchase from us or sell on our behalf. If our channel partners do not effectively market and sell our solutions, or choose to use greater efforts to market and sell their own solutions or the solutions of our competitors, our business operations will be adversely affected. Our channel partners may cease or de-emphasise the marketing of our solutions with limited or no notice and with little or no penalty. Further, any new channel partners will require extensive training and may take several months or more to achieve the desired level of sales and productivity. The loss of a substantial number of our channel partners, the inability to replace them or the failure to recruit additional channel partners could materially and adversely affect our results of operations and cash flows.

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, financial condition, results of operations and cash flows. It is also possible that, from time to time, our channel partners may violate the terms of our agreements, such as the pricing terms, and hence we may need to sever ties with certain of our channel partners. We may also become aware of fraud and financial irregularities on behalf of our channel partners which may have legal or financial implications for us. For details, see "*Risk Factors - We are exposed to counterparty credit risk in our operations which may have an adverse impact on our financial condition*" on page 23.

***14. We rely on third party manufacturers and vendors for important services and any delay and/or failure in the performance of these services may adversely affect our business, results of operations and cash flows.***

Pursuant to an agreement, a third-party vendor manufactures CDs and DVDs with our security software solutions at its manufacturing facility located at Rudrapur, in the state of Uttarakhand. Fire, floods, earthquakes, rains, inundations and heavy downpours in this area could disrupt the manufacturing operations. The operations may also be disrupted by man-made causes there, such as civil strikes and riots that may cause a total or partial shutdown of this facility or otherwise prevent the operation of this facility. Disruption to the manufacturing process may also result from other factors beyond the third party's or our control, including, power supply, breakdown or failure of equipment and labour disputes such as strikes and work stoppages. There can be no assurance that there will not be a material disruption to these operations in the future. If the manufacturer fails to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our sales may be adversely impacted. If these events disrupt our ability to provide solutions to our users, our business, financial condition, results of operations and cash flows would be adversely affected.

While we generally operate call centres for technical support, we also outsource the management of certain of our call centres and other support services for our sales personnel. As on the date of this Prospectus, our Company has four technical support centres. While three technical support centres are operated by the Company, our Company has outsourced the management of a technical support centre in Coimbatore. We also depend on external third parties for hosting our website and regular updates to our solutions. If our third party service providers experience difficulty meeting our requirements for quality and customer service standards, our reputation could suffer and our business and prospects could be adversely affected. Our operations and business could also be materially and adversely affected if our service providers face operational or system interruptions. We may also,

from time to time, outsource other activities such as handling insurance claims for various solutions such as Quick Heal Gadget Securance. For more details, see "*Our Business — Strategies — Expand our Capabilities for Smart Phones/ Mobile Devices*" on page 146.

Although we actively manage such third party relationships to ensure continuity of solutions on time and to our required specifications, some events beyond our control could result in the complete or partial failure of supplies or services or in supplies and services not being delivered on time. Any such failure could adversely affect our business by resulting in delays and/or cost overruns. The failure of any of these third parties to adequately provide the needed services could have a material adverse effect on our business, results of operations and cash flows.

***15. We benefit from the tax incentives available to the third party manufacturer of our CDs and DVDs and any loss of this benefit may impact our financial performance, results of operations and cash flows.***

A third-party vendor manufactures CDs and DVDs with our security software products at its manufacturing facility located at Rudrapur, in the state of Uttarakhand. This facility is entitled to avail of an excise duty exemption that in effect lowers the cost of manufacturing. This excise duty exemption is valid for a period of 10 years from the date of the government notification or the commencement of commercial production, whichever is later, and the facility is exempt from excise duty on the goods manufactured during this period of time. The loss of this excise duty exemption will effectively increase these manufacturing costs, which will have an adverse impact on our profitability. We understand that the exemption from payment of excise duty at this manufacturing facility is available until June 20, 2018. In addition, in the event of the termination of this agreement, we may not be able to find a suitable replacement third party manufacturing facility on similar terms, or at all.

Further, the central government has proposed a comprehensive national goods and services tax ("**GST**") regime that will eliminate excise duties and, depending on the rates proposed under the GST regime, may also increase the cost of manufacturing of these CDs and DVDs. For more details on GST, see "*Risk Factors — Changing laws, rules and regulations and legal uncertainties in India, may adversely affect our business and financial performance*" on page 39.

***16. If we do not effectively expand, train and retain our sales team, we may be unable to acquire new customers or sell additional solutions to existing customers, and our business will suffer.***

We depend significantly on our sales teams to attract new channel partners, maintain relationships with existing channel partners and attract new users and expand sales to existing users. We may also, from time to time, hire additional resources to focus on new areas, such as our recent hire of a team to focus on SMB and enterprise users. As a result, our ability to grow our revenues depends in part on our success in recruiting, training and retaining sufficient numbers of sales personnel to support our growth. The number of our Sales & Marketing personnel increased from 166 as of March 31, 2013 to 312 as of March 31, 2015 and 400 as of December 31, 2015. We expect to continue to expand our sales and marketing personnel significantly and face various challenges in achieving our hiring and integration goals. There is intense competition for individuals with sales training and experience. In addition, the training and integration of a large number of sales and marketing personnel in a short time requires the allocation of significant internal resources. Our failure to hire a sufficient number of qualified sales team members and training them to operate at target performance levels may materially and adversely impact our growth.

***17. Our statutory auditors have included certain observations and emphasis of matter on certain matters in their auditor's reports.***

Our statutory auditors for fiscal years 2015, 2014, 2013, 2012 and 2011 have provided certain observations and emphasis of matter in their respective auditor's reports. Further, the statutory auditors of our Company for each of these periods have also reported certain observations in their reports on the Companies (Auditors Report) Order, 2003 (to extent applicable) and Companies (Auditors Report) Order, 2015. These matters include slight delay in payment of statutory dues, taxes not deposited on account of a dispute with the tax authorities and concerns relating to our Company's internal control management. For details on the matters of emphasis and steps taken by our Company, see "*Summary Financial Information*" on page 53. Investors should consider the same in evaluating our financial position, results of operations and cash flows.

***18. We currently derive a small portion of our revenue through online sales on digital commerce websites and our business could be harmed due to unauthorised discounted sales on digital commerce websites.***

India has witnessed growth in e-commerce websites in recent years. As various digital commerce websites compete for customers, they have been offering steep discounts on products sold through their websites. Currently, we have not entered into any direct agreements with such digital commerce websites for the sale of our solutions. We have granted non-exclusive distribution and marketing rights to certain distributors and resellers, who typically purchase our solutions from our channel partners, to market and sell our solutions to end users in India through online commerce websites. As the popularity of such digital commerce websites increases and more end users seek to buy solutions online, we may need to explore agreements and arrangements for such sales. If we are unable to enter into satisfactory arrangements for sales on digital commerce websites or are required to provide discounts, our business and financial performance may be adversely affected.

In addition, it has been brought to our attention that certain unauthorised third parties have also made attempts to sell our solutions through such digital commerce websites. Such sales are typically made at a price lower than authorised sales and hence customers may be unwilling to pay our regular prices and prefer other discounted solutions. If we are unable to stop such sales, including by means of legal action against these unauthorised sellers, such sales may have an adverse effect on our brand value, sales, profits and our financial condition.

***19. Our business handles a large amount of data and the improper use or disclosure of such data could harm our reputation and make us vulnerable to liability for breach of data privacy.***

During the course of activation of our antivirus and anti-malware offerings, we often receive and store a large volume of user data, including personal data. We face risks inherent in handling large volumes of data and in protecting the security of such data. We face a number of challenges, including protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behaviour or improper use by our employees.

User data is increasingly subject to legislation and regulations in various jurisdictions, including India, and governments are increasingly acting to protect the privacy and security of personal information that is collected, processed and transmitted in or from the governing jurisdiction. As issues like privacy and data protection gain more importance in India, we may also become exposed to potential liabilities, including criminal liability. For example, under the Information Technology Act, 2000, as amended, we may become subject to civil liability for wrongful loss or gain arising from any negligence by us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software. India has also implemented data privacy laws, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information.

Any systems failure or security breach or lapse on our part or on the part of our employees and other ecosystem participants that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. Any such legal proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

***20. Some of our corporate records relating to forms filed with the Registrar of Companies are not traceable.***

We are unable to trace certain corporate records in relation to our Company. These corporate records include prescribed forms filed with the RoC by our Company relating to certain allotments of Equity Shares made by our Company and increase in authorised share capital of our Company. These documents pertain to the period between 1995 and 2007. Whilst we believe that all filings have been made, there is no assurance that we will not be subject to penalties on this account.

***21. Our ability to sell our solutions is partially dependent on the quality of our support services and our channel partners' support services and any failure by us and/or our channel partners to offer adequate support services could have an adverse effect on our reputation, results of operations and cash flows.***

Our end users depend on us or our channel partners to resolve installation, technical or other issues relating to our solutions. We provide multi-lingual user support in English, Hindi and several other major regional Indian languages. In addition, we also provide multi-mode support to our users through phone, email, chat and remote

access. This helps us to resolve any user issues in a more time-efficient manner thereby helping us to increase user satisfaction. We believe that a high level of end customer support is critical for the successful marketing and sales of our solutions as well as for retaining our existing users. If we or our channel partners do not provide accurate technical assistance or otherwise succeed in helping our users resolve issues related to the use of our solutions, our reputation could be harmed and our results of operations and cash flows could be adversely affected.

While our Company and our channel partners provide technical and installation support, our users are ultimately responsible for effectively using our solutions and, for our SMB or enterprise customers, ensuring that their IT staff is properly trained in the use of our solutions. The failure of our users to correctly use our solutions, or our failure to effectively assist users in installing our solutions and providing effective ongoing support, may result in an increase in the vulnerability of our users' IT systems and sensitive business data. Additionally, if our channel partners do not effectively provide support to the satisfaction of our users, we may be required to provide support to such users, which would require us to invest in additional personnel and systems, which requires significant time and resources. Accordingly, our failure to provide satisfactory maintenance and technical support services could have a material and adverse effect on our business, results of operations and cash flows.

As the number of users increases, we may be unable to respond quickly enough to accommodate short to medium-term increases in user demand for support services. We may also need to increase our investment in support services and may need to outsource part of this function to be more efficient and cost-effective. We also may be unable to modify the format of our support services to compete with changes in support services provided by competitors or successfully integrate support for our users. Further, increase in user demand for support services, without corresponding revenue, could increase our costs and adversely affect our operating results.

In addition, to the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide adequate and timely support to end users will be negatively impacted, and our end users' satisfaction with our solutions may be adversely affected. Our Company's failure to provide and maintain high quality support services, especially as our business grows, could materially adversely affect our business prospects, results of operations and cash flows.

***22. Our business, prospects and results may be diminished if we lose the services of our senior management and/or key R&D personnel.***

Our success depends largely on the efforts, expertise and abilities of our senior management and key R&D personnel. Our senior management is important to our business because of their experience and knowledge of the industry. Owing to the technical and specialised nature of our work, we are also significantly dependent upon our technology and R&D personnel.

Changes in management may be disruptive to our business and might also result in our loss of unique skills and the departure of existing employees and/or customers. In addition, there is intense competition for qualified scientific and technical personnel in India. To effectively compete, we may be required to offer higher compensation and other benefits which could materially and adversely affect our financial condition, results of operations and cash flows. In the future, we may not be able to attract and retain the qualified personnel necessary for the conduct and further development of our business which could affect our ability to execute our business strategy. If one or more of our senior management team or key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly, or at all, which could have a material adverse effect on our business, prospects and financial results. If any of our key employees were to join a competitor or to form a competing company, some of our channel partners and end users might choose to work with and/or use the solutions of that competitor or new company instead of our own thereby also adversely affecting our business, prospects and financial results.

***23. All of our Subsidiaries have incurred losses in their respective preceding fiscal year, which may have an adverse effect on our business, financial position, results of operations and cash flows.***

Our Subsidiaries have incurred losses during their respective preceding fiscal years as below:

| Name of Subsidiary | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| | | (₹ in millions) | |
| Quick Heal Technologies America Inc. | (3.45) | 0.13 | (0.09) |
| Quick Heal Technologies Japan K.K. | (11.83) | (14.05) | (6.29) |

| | | | |
|---|---|---|---|
| Quick Heal Technologies Africa Limited | (4.61) | (2.75) | – |
| Quick Heal Technologies (MENA) FZE | (1.53) | (0.89) | – |

We shall continue to invest in our Subsidiaries, in order to grow our presence in various international markets and to that extent, our Subsidiaries may continue to incur losses in the future as well. We cannot assure you that our Subsidiaries will break even or start making profits in future periods, or that there will not be an adverse effect on our reputation or our business as a result of their losses.

***24. We may outsource certain R&D functions from time and time and any delay and/or failure in the performance of these services may adversely affect our business, results of operations and cash flows.***

We have a large R&D team in-house that works on developing new solutions and enhancing existing solutions. In addition, we often outsource some parts of our R&D activities to third party vendors. These include the development and testing of certain modules which are part of our solutions. We seek to work closely and supervise the activities of our vendors but remain dependent on these vendors for the timely execution of these R&D activities and, more importantly, the quality and efficacy of these activities. Further, arrangements with such vendors are typically not exclusive arrangements and they may work for other IT companies, including our competitors. The vendors may thus prioritise the work of other competitors and focus more on the quality and delivery of services to them to our disadvantage.

In addition, while we enter into confidentiality agreements for the protection of our intellectual property, these vendors may, intentionally or inadvertently, disclose confidential information which could impact our business, growth prospects and reputation negatively.

***25. We are exposed to risks associated with credit card fraud and credit card payment processing.***

Home users often use credit and debit cards to pay for our solutions. We may suffer losses as a result of orders placed with fraudulent credit and debit cards. We, our payment providers and our channel partners may not have the means to detect or control payment fraud, which could have an adverse effect on our results of operations and cash flows. The secure transmission of confidential credit and debit card information is essential to maintain customer confidence in us. Security breaches, whether of our system or third party systems, could significantly harm our business or our reputation. Our efforts to mitigate and comply with the payment card industry data security standard, or similar standards, and even the perception of a breach of such standards increase the risk that such incidents will lead to fines and other penalties, claims by banks, card holders and others and disclosure leading to public knowledge of such incidents, potentially causing reputational damage to our business.

For credit and debit card transactions we may be required to pay interchange and other fees which may increase over time and raise our operating costs and lower profitability. In addition, our credit card fees may be increased by credit card companies if our chargeback rate, or the rate of payment refunds, exceeds certain minimum thresholds. If we are unable to maintain our chargeback rate at acceptable levels, our credit card fees for chargeback transactions, or for all credit card transactions, may be further increased, and credit card companies may increase our fees or terminate their relationship with us. Any increase in the credit card fees we are required to pay could adversely affect our results of operations and cash flows. The termination of our ability to process payments on any major credit or debit card could significantly impair our ability to operate and grow our business.

***26. Any inability to protect our proprietary technology and intellectual property rights may adversely affect our business and growth prospects.***

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. In addition, our employees typically are subject to confidentiality and non-disclosure clauses in their employment agreements. Any deliberate or inadvertent disclosure by present or former employees may also expose us to liability.

We have not registered our corporate logo "Quick Heal" and hence we do not enjoy the 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 and passing-off by third parties and will not be able to enforce any rights against them. We may also need to change our corporate logo which may adversely affect our reputation and business and could require us to incur additional costs.

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.

Further, while we monitor the use of and respect for our intellectual property rights, policing unauthorised use of our copyrighted and trade secret technologies and proving misappropriation of our technologies could be difficult. Furthermore, any changes in, or unexpected interpretations of, the copyright, trade secret and other intellectual property rights laws in any country in which we operate or intend to expand our operations may adversely affect our ability to enforce our copyright, trade secret and other intellectual property rights. Costly and time-consuming litigation could be necessary to enforce or defend our intellectual property rights and/or to determine the scope of our confidential information, intellectual property right and trade secret protection. If we are unable to protect our intellectual property rights or if third parties independently develop technologies similar to ours or otherwise gain legal access to our or similar technologies, our competitive position and brand recognition could suffer and our revenue, financial condition, results of operations and cash flows could be adversely affected. For details, please see "*Outstanding Litigation and Other Material Developments*" on page 333**.**

***27. Intellectual property claims may increase our costs or require us to cease selling certain solutions, which could adversely affect our financial condition, results of operations and cash flows.***

The IT security industry is characterised by the existence of a large number of trademarks and patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the IT security industry have extensive patent portfolios. It is possible that a third party may assert their patent, copyright, trademark and other intellectual property rights against us, our channel partners or our customers. Furthermore, we may be subject to indemnification obligations with respect to third party intellectual property rights pursuant to our agreements with our channel partners or customers. Such indemnification provisions are customary for our industry. Successful claims of infringement or misappropriation by a third party against us or a third party that we indemnify could prevent us from distributing certain products or performing certain services or could require us to pay substantial damages, royalties or other fees. Such claims also could require us to cease making, licensing or using products that are alleged to infringe or misappropriate the intellectual property of others, to expend additional development resources to attempt to redesign our products or services or otherwise to develop non-infringing technology, to enter into potentially unfavourable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights, and to indemnify our partners and other third parties, including our customers and channel partners whom we typically indemnify against such claims. Even if third parties offer a license to their technology, the terms of any offered license may not be acceptable, and the failure to obtain a license or the costs associated with any license could cause our business, financial condition, results of operations or cash flows to be materially and adversely affected. Defending against claims of infringement or being deemed to be infringing the intellectual property rights of others could impair our ability to innovate, develop, distribute and sell our current and planned solutions. If we are unable to ensure that we are not violating the intellectual property rights of others, our financial position may be adversely affected.

***28. Any inability to license or incorporate software and technology developed by third parties in our solutions may adversely impact our business, financial position, results of operations and cash flows.***

Our success depends to a great extent on the proprietary technology we use in our solutions. We primarily develop our technology in-house and also incorporate software and technology developed by third parties in our solutions. For details of technology that we have licensed from others, please see "*Our Business — Technology and Intellectual Property*" on page 152. We may not be able to license or otherwise obtain rights to use and incorporate third party intellectual property in our solutions, or such license or rights may only be available at a high cost. This may impact our ability to develop new solutions and/or our profitability.

***29. A portion of our revenues is generated by sales to government entities, and hence subject to a number of challenges and risks.***

We derive a portion of our revenues from sales to Indian central, state and local governments and their respective agencies and expect to see growth in this segment in medium and long-term. Revenue from sales to government entities constituted 4.73% of the total revenue of our Company in fiscal 2015.

Sales to government entities are often on commercial terms decided through a reverse auction tender with e-bidding or open tender. These entities may also invite quotations from selected vendors in certain instances or make direct purchases from vendors. Transactions with government entities may be subject to challenges from time to time for a number of reasons. Government entities may have contractual or other legal rights to terminate contracts with our resellers for convenience or due to a default, and any such termination may adversely impact our future results of operations and cash flows. In addition, government demand and payment for our solutions may be affected by public sector budgetary cycles and funding authorisations, with funding reductions or delays adversely affecting public sector demand for our solutions. Additionally, government contracts are generally subject to government oversight which can result in various penalties and administrative sanctions, including termination of contracts, fines and suspensions or debarment from future government business.

***30. We do not own some of the offices from which we operate and have not yet completed execution and registration of lease documents in respect of several of our office premises and warehouses.***

Our Registered Office is located in Pune at premises owned by us. We also conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India. While we own some of these premises, we also operate out of leased premises in some cities and towns. As of December 31, 2015, the Company conducted its sales and marketing activities out of 64 offices and warehouses out of which 20 are on premises owned by the Company and 44 are on leasehold premises.

In line with the continued growth in our business operations, we may, from time to time, lease additional office space. Out of the aforesaid 44 offices which are on leasehold premises, lease agreements for 36 offices have not been registered. Further, we are yet to execute a renewed lease agreement for our office premises in Rajkot. Accordingly, we may not be accorded legal protection in the event of any dispute pertaining such leased premises and may have to vacate the premises prior to the completion of the lease term and/ or may have to forfeit any security deposits paid for such premises. Further, we may not be able to obtain alternate office space in a timely manner and on similar terms or at all which may disrupt our business and divert management time affecting our financial condition, results of operations and cash flows.

***31. If our solutions do not effectively inter-operate with our users' existing or future IT infrastructures, installations could be delayed or cancelled, which would harm our business.***

Our solutions must effectively inter-operate with our users' existing or future IT infrastructures, which often have different specifications, utilise multiple protocol standards, are based on different platforms, deploy products from multiple vendors, use various devices, and contain multiple generations of products that have been added over time. If we find errors in the existing software or defects in the hardware used in our users' infrastructure or problematic or incompatible network configurations or settings, we may have to modify our software so that our solutions can effectively inter-operate with our users' infrastructure and business processes. In addition, to stay competitive within certain markets or to comply with new statutory or regulatory requirements, we may be required to make software modifications in future releases of our offerings. These issues could result in longer sales cycles for our solutions which may adversely affect our business, financial condition, results of operations and cash flows.

***32. We have identified a small portion of our revenue as coming from countries subject to U.S. and other sanctions. Such historical and future international sales expose us to special risks. If we are not in compliance with applicable legal requirements, we may be subject to civil or criminal penalties and other remedial measure.***

The U.S. Department of the Treasury's Office of Foreign Assets Control administers certain laws and regulations that restrict U.S. persons and, in some instances, non-U.S. persons, from conducting activities, transacting business with or making investments in certain countries, regions, governments, entities and individuals subject to U.S. economic sanctions. The European Union, the United Nations and other organisations and countries also have sanctions regimes in place. Our Company has recorded sales in countries subject to U.S. and other sanctions, including Iran and Syria. Specifically, from time to time, our Company and certain of our Subsidiaries have sold solutions, through distributors or resellers, to individuals, companies and entities located in, or controlled by the governments of, certain countries that are or have previously been subject to sanctions imposed by the U.S. government and others. End users located in countries subject to sanctions may have also downloaded our solutions online. We have not identified aggregate sales to U.S.-, E.U.- or U.N.-sanctioned countries, governments, persons or organisations in an amount exceeding 0.5% of our total revenue in any completed fiscal year and do not expect such sales to exceed this level in the current fiscal year. However, we may not have completely identified, and we may continue to be unable to completely identify, all sales of our solutions to these countries, governments, regions, persons or organisations subject to sanctions.

Although we believe that we have been in compliance with all applicable sanctions laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could prevent our ability to access U.S. and other international capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us.

***33. We depend on download sites and search engines to attract certain customers and if those sites or search engines change their listings, increase their pricing or experience a material reduction in their online traffic, our ability to attract new users would be adversely affected.***

In addition to our website, many of our users locate our solutions and our website online through download sites and search engines such as Google and Yahoo. If any of these key download sites cease to feature or carry our solutions, fewer potential customers may download our solutions. Search engines typically provide two types of search results — algorithmic and purchased listings — and we rely on both types. Algorithmic listings cannot be purchased and are determined and displayed based on criteria formulated by the relevant search engine. Search engines revise their algorithms from time to time in an attempt to optimise their search results. If the search engines on which we rely for algorithmic listings modify their algorithms in a manner that reduces the prominence of our listings, fewer potential users may click through to our websites, requiring us to resort to more costly methods of attracting this traffic. Furthermore, the majority of our traffic from search engines came from a single source, Google. This traffic is unrelated to our agreement with Google to steer search queries to Google in connection with our dynamic secure search solution. The concentration of search traffic from a single search engine increases our vulnerability to potential algorithm modifications by that search engine. Any failure to replace the traffic to our website coming from search engines could reduce our revenue or require us to increase our customer acquisition expenditures.

Similarly, we may in the future be the target of so-called "cybersquatters," who seek to register Internet domain names that are confusingly similar to our own domains or marks. Although we have not suffered material losses due to cybersquatters to date, we nonetheless make diligent efforts to block their activities. In addition, although no cyber-squatting incidents have raised material security concerns relating to our business and solutions to date, there can be no guarantee that future cybersquatting incidents will not cause material losses or raise security concerns. If search engines rank cybersquatters' imitation websites above our own sites, existing or potential customers may be misled, and this could harm our reputation, cost us customer goodwill and negatively affect our operating results.

***34. Our business may suffer if the SMB and enterprise market for our solutions proves less lucrative than projected or if we fail to effectively acquire and service SMB and enterprise customers.***

We market and sell our solutions to SMBs and enterprises and expect sales to such customers to drive our growth going forward. Some of our competitors, by contrast, have emphasised sales to larger enterprises, which are

attractive customers due to the high revenue and low relative costs they offer per transaction and their low failure and high renewal rates. SMBs frequently have limited budgets and may choose to allocate resources to items other than our solutions, especially in times of economic uncertainty. However, we believe that the SMB market is under-served, and intend to continue to devote substantial resources to it. We aim to grow our revenue by adding new customers, selling additional solutions to existing customers and encouraging existing customers to renew their subscriptions to our solutions. If this market fails to be as lucrative as we project or we are unable to market and sell our services to such users effectively, our ability to grow our revenue quickly and remain profitable will be harmed.

***35. Our insurance coverage may be inadequate to cover all possible economic losses and liabilities associated with our business.***

We maintain such insurance coverage as we believe is customary in our industry in India. We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have obtained directors' and officers' liability cover. We also maintain a mediclaim policy for our employees, their spouses and their dependent children. We have also taken personal accident insurance cover for our employees.

Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. In particular, we do not maintain business interruption insurance and therefore if our operations are interrupted, we would suffer loss of revenues, and our results of operations and cash flows would be adversely affected. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, results of operations and cash flows. For more details of our insurance coverage, see "*Our Business — Insurance*" on page 154.

***36. Our business operations may be disrupted by an interruption in power supply which may impact our business operations.***

We conduct our R&D activities primarily at our registered office in Pune and operate call centres in Pune, Nashik and Coimbatore. For more details of our call centres, see "*Our Business — Suppliers*" on page 153. Our operations require constant power supply and any disruption in the supply of power may disrupt our operations. While we try to ensure that all locations where we conduct R&D and other technical activities have power back-up, in the event of any continuous disruption, we may be required to arrange alternate sources of power. There can be no assurance that we will be able to make alternate arrangements, such as diesel generator sets, on acceptable terms or at all and may need to incur additional costs. Any continuous disruptions may have a material adverse effect on our business, financial condition, results of operations and cash flows.

***37. We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and the failure to obtain, retain and renew such approvals and licences or comply with such rules and regulations, and the failure to obtain or retain them in a timely manner or at all may adversely affect our operations.***

Our business is subject to government regulations and we require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we may not be in compliance with certain conditions prescribed by such approvals or licences. Our failure to obtain such licences and approvals and comply with the applicable laws and regulations could lead to imposition of sanctions by the relevant authorities, including penalties. For example, we have not obtained shops and establishment registrations for our office premises in Ahmedabad, Surat, Pune, Kolkata, Chennai and Rajkot. For more information, see "*Government and Other Approvals - Approvals for which no application has been made*" on page 342.

Further, fresh and renewal applications for approvals, licenses, registrations and permissions for operating our business need to be made within certain timeframes. While we have made fresh applications for few approvals and licenses, we cannot assure you that we will receive these approvals in a timely manner or at all. Further, in future

we will be required to apply for the renewal of approvals and permits for our business operations to continue. If we are unable to make applications and renew or obtain necessary permits, licenses and approvals on acceptable terms, in a timely manner or at all, we may be required to shut down or relocate our offices or warehouses and face other consequences due to which our business operations may be adversely affected.

***38. The objects of the Offer for which the funds are being raised have not been appraised by any bank or financial institutions. Further, the deployment of the proceeds from the Fresh Issue is at the discretion of our Company.***

The objects of the Offer have not been appraised by any bank or financial institution. The estimate of costs is based on quotations received from vendors and consultants, as well as based on internal management estimates. Though these quotes or estimates have been taken recently, they are subject to change and may result in cost escalation. Any change or cost escalation can significantly increase the cost of the objects of the Offer.

Hence, the deployment of the proceeds from the Fresh Issue will be at the discretion of our Company. Proceeds from the Fresh Issue, pending utilisation (for the stated objects) shall be deposited only with scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934

***39. We have not entered into definitive agreements to use the proceeds of the Fresh Issue.***

We intend to use the Net Proceeds as set forth in the section "*Objects of the Offer*" on page 104. We have not entered into definitive agreements for certain objects of the Offer to utilise the Net Proceeds. We have relied on third party quotations to calculate the expected amount of the Net Proceeds to be spent on property, furnishing and office and R&D infrastructure ("**Assets**"). We cannot confirm when we will place our orders and whether we will be able to purchase the Assets at the same price at which we obtained the quotations. Consequently, these estimates may be inaccurate and we may require additional funds to implement the objects of the Offer.

***40. Any delay in the schedule of implementation for Net Proceeds may have an adverse impact on our profitability.***

Our schedule of implementation for the use of Net Proceeds may be affected by various risks, including time and cost overruns as well as factors beyond our control. Any delay in our schedule of implementation may cause us to incur additional costs. Such time and cost overruns may adversely impact our business, financial condition, results of operations and cash flows. For details of our current schedule of implementation, see "*Objects of the Offer*" on page 104.

***41. Our international operations may expose us to complex management, foreign currency, legal, tax and economic risks. These risks may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.***

We operate through our Subsidiaries in Japan, Kenya, Dubai and the United States and are also exploring opportunities in Africa (with special focus to South Africa), the Middle East (including United Arab Emirates) and South East Asia. As a result of our existing and expanding international operations, we are subject to risks inherent to establishing and conducting operations in international markets, including:

- cost structures and cultural and language factors associated with managing and coordinating our international operations, including establishing new relationships with channel partners;
- compliance with a wide range of regulatory requirements, foreign laws, including immigration, tax laws where we usually rely on the opinions of experts on such matters, including in relation to transfer pricing norms and applicability of the relevant provisions of double taxation avoidance agreements, but which often involve areas of uncertainty;
- difficulty in staffing and managing foreign operations;
- potential difficulties with respect to protection of our intellectual property rights in some countries; and

- Indian regulations and restrictions on export and import of solutions.

The risks stated above and the constantly changing dynamics of international markets could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, our exposure to foreign currency risk arises in respect of our non-Indian Rupee-denominated trade and other receivables, trade payables, and cash and cash equivalents. While our presentation and functional currency is the Indian Rupee, we have trade receivables and trade payables denominated in other foreign currencies such as the U.S. dollar, the Japanese Yen, the Kenyan Shilling and the UAE Dirham. Any fluctuation in the value of the Indian Rupee may affect our results of operations and cash flows.

***42. Any future acquisitions, joint ventures, partnerships, strategic alliances, tie-ups or investments could fail to achieve expected synergies and may disrupt our business and harm our financial condition and operating results.***

Our success will depend, in part, on our ability to expand our business in response to changing technologies, customer demands and competitive pressures. We have, in the past, explored and continue to explore opportunities on our own, through wholly owned subsidiaries, or through tie-ups, acquisitions, strategic alliances, partnerships or joint ventures across countries and regions of focus. In some circumstances, we may also decide to acquire, or invest in, complementary technologies instead of internal development. While we are currently evaluating opportunities and speaking to several potential partners, we have not entered into any definitive agreements in relation to this. Further, the identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete acquisitions that we target in the future. The risks we face in connection with acquisitions may include integration of product and service offerings, co-ordination of R&D and sales and marketing functions and the diversion of management time and focus from operating our business to addressing acquisition integration challenges.

Our failure to address these risks or other problems encountered in connection with our acquisitions and investments could cause us to fail to realise the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally.

***43. This Prospectus contains information from an industry report which was prepared by Zinnov Management Consulting pursuant to an engagement with our Company.***

This Prospectus includes information that is derived from an industry report issued in September 2015 prepared by Zinnov Management Consulting ("**Zinnov**"), an independent management consultant, pursuant to an engagement with our Company, (the "**Zinnov Industry Report**"). The Information derived from the Zinnov Industry Report is included in the sections "*Summary of Industry*," "*Summary of Business*," "*Our Business*" and "*Industry Overview*" on pages 44, 46, 140, and 131, respectively.

The Zinnov Industry Report was prepared for the purpose of confirming our understanding of the security software industry in India. Neither our Company nor any of the BRLMs, nor any other person connected with this Offer has independently verified the information in the Zinnov Industry Report. Zinnov has advised that while they have obtained information from the public domain or external sources ("**Information**"), as far as possible, generally considered to be reliable, *inter alia*, they do not guarantee the accuracy, adequacy or completeness of Information and are not responsible for any errors or omissions in the Information or for the results obtained from the use of such Information. The Zinnov Industry Report highlights certain industry and market data. Such data is subject to many assumptions. There are no standard data gathering methodologies in the industries in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that Zinnov's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Prospectus. Further, the Zinnov Industry Report is not a recommendation to invest / disinvest in our Company. Zinnov states that they disclaim all responsibility and liability for any costs, damages, losses, liabilities incurred by any third party including subscribers / users / transmitters / distributors in the Offer who uses or relies upon the Zinnov Industry Report or extracts there from. Prospective investors are advised not to unduly rely on the Zinnov Industry Report when making their investment decisions.

***44. We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materialise.***

Our contingent liabilities that have not been provided for, in accordance with the provisions of Accounting Standard 29 — "Provisions, Contingent Liabilities and Contingent Assets" are as set out below:

| Particulars | Six months ended September 30, 2015 | Fiscal year 2015 |
|---|---|---|
| | | (₹ in millions) |
| Income tax | 3.50 | 3.50 |
| Excise duty | - | - |
| Service tax | 627.31 | 627.31 |
| HP VAT Act | - | - |
| Kerala VAT Act | 0.15 | 0.15 |
| **Total** | **630.96** | **630.96** |

If any of these contingent liabilities materialise, our profitability and cash flows could be adversely affected. For more details, see "*Outstanding Litigation and Material Development*" on page 333.

***45. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows and working capital requirements.***

Our ability to pay dividends to our shareholders will depend upon our future earnings, financial condition, cash flows, planned capital expenditures and working capital requirements. Our Board of Directors will be guided by our dividend policy. For fiscal year 2015, our Company paid a dividend of ₹ 7.50 per Equity Share and the amount of dividend declared and paid excluding dividend distribution tax was ₹ 458.02 million. For details, see "*Dividend Policy*" on page 191. We may be unable to pay dividends in the near or medium term, and the future dividend payout will depend on our planned capital expenditures and working capital requirements, financial condition, results of operations and cash flows.

***46. We have in the past entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

In the ordinary course of our business, we have entered into transactions with related parties that include our Promoters and certain members of the Promoter Group and Group Companies. These transactions primarily relate to financial consultancy, payment of rent for property leased by our Company from our Promoters, reimbursement of expenses and remuneration.

While we believe that all related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance to you that any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and cash flows. Further, any future transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. For further details regarding our related party transactions, see "*Related Party Transactions*" as disclosed on page 190.

***47. We are involved in various tax proceedings and any negative outcome may have an adverse effect on our business, financial condition, results of operations and cash flows.***

We are currently involved in various tax proceedings as indicated below:

- Our Company has received a show cause cum demand notice dated February 2, 2015 (the "**SCN**") from the Additional Director General, Directorate General of Central Excise Intelligence, New Delhi (the "**ADG**") demanding service tax of ₹ 627.30 million along with penalties for alleged failure to pay due service tax, non-filing of proper service tax returns, wilful suppression of material facts and contravention of provisions of the Finance Act, 1994. The show cause cum demand notice is in relation to applicability of service tax on anti-virus software on CDs supplied by our Company through distributors. Further, in

this regard, our Company has also received a statement of demand from the Principal Commissioner of Service Tax, Pune, seeking a response as to why service tax of ₹ 285.35 million and interest should not be demanded and recovered from our Company for the period April 2014 to March 2015 along with imposition of penalties under the applicable provisions of the Finance Act, 1994. In relation to the service tax demand of ₹ 627.30 million mentioned in the SCN, the ADG, by an order dated January 28, 2016 (the "**ADG Order**"), has confirmed the demand of service tax of ₹ 560.71 million for the period March 1, 2011 to March 31, 2014, along with interest at an appropriate rate in terms of the applicable provisions of the Finance Act, 1994. Further, the ADG Order has also imposed a penalty of i) ₹ 560.71 million on our Company for, inter alia, wilful suppression of facts and contravention of the provisions of the Finance Act, 1994, with an intent to evade payment of service tax and, ii) ₹ 0.01 million for failure to assess service tax and furnish applicable returns in accordance with the applicable provisions of the Finance Act, 1994, for payment of service tax. Whilst our Company is evaluating various legal recourses to contest the ADG Order, we cannot assure you that the outcome of such recourses would be in our favour. Any adverse outcome in the matter could require us to recognise a loss in our financial statements, revise our product pricing, impact our Gross Margins and may lead to an adverse impact on our business, financial condition, results of operations and cash flows.

- Additionally, our Company has filed two appeals before the relevant income tax appellate authorities challenging the income tax assessment orders for the assessment years 2010-2011, 2012-2013 and has filed two appeals before the relevant appellate authorities challenging VAT assessment orders for the assessment years 2012-2013 and 2014-2015.

For further details regarding the aforementioned tax proceedings, see "*Outstanding Litigation and Material Developments*" on page 335.

These tax proceedings are at various stages of adjudication and are currently pending. In the event of any adverse outcome in any of these proceedings, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward. Further, we may also be required to obtain additional registrations from the relevant authorities in India, including for our sales branches. Any such outcome may individually, or in the aggregate, have an adverse effect on our business, financial condition, results of operations and cash flows.

***48. There is outstanding litigation against our Company, our Promoters and our Directors. An adverse outcome in any of these proceedings may affect our reputation and standing and impact our future business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

As on the date of this Prospectus, we are involved in certain civil and criminal legal proceedings which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows.

We are also involved in various tax proceedings including alleged non-payment/short payment of VAT, service tax and income tax. These tax proceedings are at various stages of adjudication and are currently pending. In the event of any adverse outcome in any of these proceedings, we may be required to pay the disputed amounts, along with applicable interest and penalty, and may also incur additional tax incidence going forward. Any such outcome may individually, or in the aggregate, have an adverse effect on our business, financial condition, results of operations and cash flows.

A summary of pending civil (including tax proceedings) and criminal proceedings involving our Company, Promoters, Directors and Subsidiaries is provided below*:

*Litigations against our Company*

| Category | Company | |
|---|---|---|
| | No. of Proceedings | Amount, to the extent quantifiable (₹ million) |
| Criminal proceedings | 1 | Nil |

| Category | Company | |
|---|---|---|
| | No. of Proceedings | Amount, to the extent quantifiable (₹ million) |
| Indirect tax | 3 | 1,407.09 |
| Direct tax | 2 | 4.44 |

*Litigations initiated by our Company*

| Category | Company | |
|---|---|---|
| | No. of Proceedings | Amount, to the extent quantifiable (₹ million) |
| Criminal proceedings (including cases filed under the Negotiable Instruments Act, 1881) | 43 | 681.47 |

*Litigations against our Promoters*

| Category | Promoters | |
|---|---|---|
| | No. of Proceedings | Amount, to the extent quantifiable (₹ million) |
| Criminal proceedings | 1 | Nil |

*Litigations against our Directors*

| Category | Directors | |
|---|---|---|
| | No. of Proceedings | Amount, to the extent Quantifiable (₹ million) |
| Criminal proceedings | 1 | Nil |

**The details in the table only includes litigation proceedings as identified by the Company pursuant to its materiality policy on litigation.*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. For further details, see "*Outstanding Litigation and Material Developments*" on page 333.

***49. While we will not receive any proceeds from the Offer for Sale, certain of our Promoters, who are also Selling Shareholders, will receive proceeds from the Offer for Sale.***

The Offer comprises of the Fresh Issue and the Offer for Sale by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders, which include some of our Promoters, and our Company will not receive any proceeds from the Offer for Sale. For further details, see "*Objects of the Offer*" on page 104.

***50. The interests of our Promoters may conflict with our interests or with the best interests of our other shareholders.***

After the completion of the Offer, our Promoters will own, approximately 72.87% of our post-Offer paid-up equity share capital. As a result, our Promoters will continue to exercise significant control over us, including being able to determine the outcome of director elections and decisions requiring a majority of the total voting power of our shareholders. The interests of our controlling shareholders may conflict in material aspects with our interests or with the best interests of our other shareholders and our controlling shareholders may not take decisions in our best interests. We cannot assure that our Promoters will exercise their voting rights in a manner that would be for the benefit of, or in, the best interests of our Company. For example, they could, by exercising their powers of control, delay or defer a change of control or a change in our capital structure, delay or defer a merger, consolidation, takeover or other business combinations involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if such an event were to be beneficial for our shareholders. As a result, the value of your Equity Shares may be adversely affected or you might be

deprived of a potential opportunity to sell your Equity Shares at a premium.

**External Risks**

***51. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**") regulates practices having an appreciable adverse effect on competition ("**AAEC**") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of guests in the relevant market or directly or indirectly results in bid- rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

We are not currently party to any outstanding proceedings, nor have we received notice in relation to noncompliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and cash flows.

***52. Public companies in India, including our Company, shall be required to prepare financial statements under Indian Accounting Standards. In addition, all income-tax assessees in India, including our Company, will be required to follow the Income Computation and Disclosure Standards.***

India has decided to adopt the "Convergence of its existing standards with IFRS" and not the "International Financial Reporting Standards" ("**IFRS**"). These "IFRS based / synchronised Accounting Standards" are referred to in India as Ind AS. The Ministry of Corporate Affairs, Government of India, has through a notification dated February 16, 2015, set out the Ind AS and the timelines for their implementation. Accordingly our Company is required to prepare their financial statements in accordance with Ind AS from April 1, 2017. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements.

There can be no assurance that the adoption of Ind AS will not affect our reported results of operations or cash flows. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS may have an adverse effect on the trading price of our Equity Shares and/or may lead to regulatory action and other legal consequences. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Any of these factors relating to the use of Ind AS may adversely affect our financial condition, results of operations and cash flows.

Further, the Ministry of Finance has issued a notification dated March 31, 2015 notifying 10 Income Computation and Disclosure Standards ("**ICDS**"), thereby creating a new framework for the computation of taxable income. The ICDS came into force with effect from April 1, 2015 and shall apply to the assessment year 2016-17 and subsequent assessment years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations will have the effect of requiring taxable income to be recognised earlier, higher overall levels of taxation to apply or both. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for Minimum Alternate Tax.

The application and interpretation of the ICDS by assessing authorities may differ substantially from our interpretation, and such variations could lead to additional tax demands. It is also possible that the resultant computation of taxable income based on the ICDS and net income based on our Company's financial statements may be significantly different, and, if they differ, we may be required to recognise taxable income for tax purposes

earlier and/or pay higher overall taxes, thus either negatively impacting our effective tax rates, or the amount of taxes paid out relative to the income reported by the relevant accounting standards. This may lead to tax outflows happening in accounting periods earlier relative to the period when these incomes would get reported under the relevant accounting standards.

***53. There are no standard valuation methodologies or generally accepted accounting practices or standard of measure of the information technology and related industries.***

There are no standard valuation methodologies or generally accepted accounting practices or standard of measure of the IT and related industries. Consequently, any comparison of our Company with other companies engaged in similar businesses may not provide investors with meaningful information, comparisons or analysis. Current valuations may not be reflective of future valuations within the information technology industries as our business is not meaningfully comparable with businesses in these industries. Our investors may therefore not be able to accurately assess and measure the value of our business factoring in the effectiveness of our solutions, and our potential for growth.

***54. It may not be possible for investors outside India to enforce any judgement obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

Our Company is incorporated as a public limited company under the laws of India and most of our Directors and senior management reside in India. Further, most of our assets, and the assets of our senior management and Directors, are located in India. As a result, it may be difficult to effect service of process outside India, including in the United States, upon us, our senior management and our Directors or to enforce judgments obtained in courts outside India against us or our senior management and Directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India, including without limitation United States federal securities laws.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. The United States has not been declared as a reciprocating territory for the purposes of the Civil Code and thus a judgement of a court outside India may be enforced in India only by a suit and not by proceedings in execution. In order to be enforceable, a judgement from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgement for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgement in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. The suit must be brought in India within three years from the date of the foreign judgement in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgement rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgement in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgement.

***55. The occurrence of natural or man-made disasters could adversely affect our financial condition, results of operations and cash flows.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism, military actions, civil unrests and other acts of violence or war in India and around the world, could adversely affect our business, financial condition, results of operations and cash flows, including in the following respects:

- A natural or man-made disaster, could result in damage to our assets or losses in our projects, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.

- Pandemic disease, caused by a virus such as H5N1, the "avian flu" virus, the Ebola virus, or H1N1, the

"swine flu" virus, could have a severe adverse effect on our business.

- Political tension, civil unrest, riots, acts of violence, situations of war or terrorist activities may result in disruption of services and may potentially lead to an economic recession and/or impact investor confidence.

India has, from time to time, experienced instances of civil unrest and political tensions and hostilities in some parts of the country and among neighbouring countries. Such political and social tensions could create a perception that investment in Indian companies involves higher degrees of risk could have a possible adverse effect on the Indian economy, future financial performance and the trading prices of our Equity Shares.

***56. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely impact the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. In addition, due to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realising gains during periods of price increase or limiting losses during periods of price decline. Please see "*Restrictions on Foreign Ownership of Indian Securities*" on page 416.

***57. Fluctuations in the exchange rate of the Indian Rupee and other currencies could have a material adverse effect on the value of the Equity Shares, independent of our financial results.***

The Equity Shares will be quoted in Indian Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

***58. Changing laws, rules and regulations and legal uncertainties in India, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. Please see "*Regulations and Policies*" on page 156 for details of the major laws currently applicable to us in India.

There can be no assurance that the central or the state governments in India may not implement new regulations and policies which will require us to obtain approvals and licenses from the central or the state governments in India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on all our business, financial condition, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially adversely impact our results of operations and cash flows.

For instance, the government has proposed a comprehensive GST regime that will combine taxes and levies by the central and state governments into a unified rate structure. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state governments, which could create uncertainty. Any such future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable. The Finance Act, 2015 received presidential assent, whereby certain changes have been announced in relation to various tax legislations. The changes introduced, include, hike in service tax rates, changes to Cenvat Credit Rules, 2004, changes in excise

duty rates and amendments to the Customs Act, 1952 and we cannot predict the impact of the changes introduced in Finance Act, 2015 on the business, financial condition, results of operations and cash flows.

***59. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the BRLMs through the Book Building Process. This price will be based on numerous factors, as described in section "*Basis for Offer Price*" on page 114 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

***60. Any future issuance of Equity Shares by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares or securities linked to Equity Shares by us may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares.

***61. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold other than on a recognised stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India at a relatively higher rate as compared to a transaction where STT has been paid in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

***62. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

***63. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be

predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in the Company may be reduced.

***64. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Prospectus.***

The financial statements included in this Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Prospectus should accordingly be limited.

***65. There is no existing market for our Equity Shares, and a market with adequate liquidity may not develop. Our stock price may fluctuate after the Offer and, as a result, you may lose a significant part or all of your investment.***

Prior to the Offer, there has been no public market for our Equity Shares. Listing and quotation does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. In addition, immediately after the Offer, only 20.07% of our share capital will be available for trading on the stock exchanges. The trading price of our Equity Shares may fluctuate after the Offer due to a wide variety of factors, including:

- volatility in the Indian and global securities market or in the Indian Rupee's value relative to the U.S. dollar or the Euro;
- our results of operations, cash flows and performance;
- perceptions about our future performance or the performance of companies in our industry generally;
- performance of our competitors and the perception in the market about investments in our sector;
- significant developments in the regulation of IT industry in our key markets;
- adverse media reports on our Company or the Indian IT industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

***66. There is no public market for our Equity Shares outside India.***

After the Offer, there will be no public market for our Equity Shares in the United States, the United Kingdom or any country other than India. The Offer Price has been determined by the Company and the Selling Shareholders in consultation with the BRLMs and we cannot assure you that the Offer Price will correspond to the price at which the Equity Shares will trade subsequent to the Offer. Our outstanding Equity Shares may be sold in the United States only pursuant to a registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act. This may also affect the liquidity of the Equity Shares and restrict your ability to sell them. Certain of the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and may not be sold publicly within the United States.

The Equity Shares to be offered and sold in the United States pursuant to an exemption from registration are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act. Restricted securities may not be sold publicly within the United States (although the Equity Shares may be sold to other qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A resales) unless they are registered under the Securities Act or sold pursuant to Rule 144 or another exemption from registration. Prospective investors are urged to consult with their own legal advisors regarding any contemplated investment in the Equity Shares, including in relation to compliance with applicable resale restrictions.

***67. Your ability to acquire and sell our Equity Shares in jurisdictions outside India is restricted by the distribution and transfer restrictions contained herein.***

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction except India. As such, the Equity Shares have not and will not be registered under the Securities Act, any state securities laws or the law of any jurisdiction other than India. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. We, our representatives and our agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions contained herein. For details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 416.

**Prominent Notes:**

1. For details of incorporation of our Company, change in name and the Registered Office of our Company, see "*History and Certain Corporate Matters*" on page 159.

2. Offer of 14,057,719^ Equity Shares for cash at a price of ₹ 321 per Equity Share (including a premium of ₹ 311 per Equity Share) aggregating up to ₹2,500 million, consisting of a Fresh Issue of 7,788,161^ Equity Shares by the Company and an Offer for Sale of up to 6,269,558 Equity Shares by the Selling Shareholders. The Offer includes a reservation of up to 155,763 Equity Shares aggregating up to ₹50.00 million for Eligible Employees in the Employee Reservation Portion. The Offer and the Net Offer will constitute up to 20.07% and up to 19.85%, respectively, of the post- Offer paid-up Equity Share capital of our Company.

3. As of September 30, 2015, our Company's net worth (excluding revaluation reserve, amalgamation reserve and foreign currency translation reserve) was ₹ 3,529.70 million as per the Restated Consolidated Summary Statements and ₹ 3,614.13 million as per the Restated Unconsolidated Summary Statements. As of March 31, 2015, our Company's net worth (excluding revaluation reserve, amalgamation reserve and foreign currency translation reserve) was ₹ 3,286.65 million as per the Restated Consolidated Summary Statements and ₹ 3,349.88 million as per the Restated Unconsolidated Summary Statements.

4. As of September 30, 2015, the net asset value per Equity Share was ₹ 57.80 as per the Restated Consolidated Summary Statements and ₹ 59.18 as per the Restated Unconsolidated Summary Statements. As of March 31, 2015, the net asset value per Equity Share was ₹ 53.82 as per the Restated Consolidated Summary Statements and ₹ 54.85 as per the Restated Unconsolidated Summary Statements.

5. The average cost of acquisition of Equity Shares by our Promoters is as follows:

| Name of the Promoter | Average cost of acquisition per Equity Shares (in ₹) |
|---|---|
| Kailash Sahebrao Katkar | 0.0314 |
| Sanjay Sahebrao Katkar | 0.0314 |
| Anupama Katkar | 0.2901 |
| Dr. Chhaya Katkar | 0.2901 |

For further details, see "*Capital Structure - Build-up of Promoters' Shareholding, Promoters' contribution and Lock-in*" on page 84.

6. For details of related party transactions entered into by our Company with the Subsidiaries during the last fiscal year, the nature of transactions and the cumulative value of transactions, see "*Related Party Transactions*" on page 190.

7. There has been no financing arrangement whereby our Promoter Group, the Directors or their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business during the period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively.

8. There have been no changes to our name in the three years prior to the filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively. Our Company was incorporated as CAT Computer Services Private Limited on August 7, 1995, at Pune, Maharashtra as a private limited company under the Companies Act, 1956. The name of our Company was changed from CAT Computer Services Private Limited to Quick Heal Technologies Private Limited and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Pune, Maharashtra to our Company on August 7, 2007. Thereafter, our Company was converted into a public limited company pursuant to approval of the shareholders in an extraordinary general meeting held on August 28, 2015 and consequently, the name of our Company was changed to Quick Heal Technologies

Limited and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies Pune, Maharashtra on September 8, 2015.

9. Any clarification or information relating to the Offer shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Offer.

10. All grievances may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, or the Collecting DP if the Bid was submitted to a Collecting DP at any of the Designated CDP Locations or the Collecting RTA if the Bid was submitted to a Collecting RTA at any of the Designated RTA Locations as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum- Application Form, name and address of the member of the Syndicate or the Designated Branch, the Registered Broker, Collecting DP or the Collecting RTA as the case may be, where the Bid was submitted, and the ASBA Account number in which the amount equivalent to the Bid Amount was blocked. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

    For further information regarding grievances in relation to the Offer, see "*General Information*" on page 70.

^ *Subject to finalization of basis of allotment*

## SECTION III: INTRODUCTION

## SUMMARY OF INDUSTRY

### India - The Value Proposition

India is emerging as a significant market for security services and products as organisations across various verticals are now investing in building a robust security infrastructure. With the increase in adoption of smart devices, organisations in India have become particularly vulnerable. With the rise in IP traffic and data growing at a rapid speed, networks are being threatened like never before. The new threat landscape has taken many shapes and definitions. The weakest link in the security apparatus is an employee with access to organisational systems through his own device. These threats are commonly attached with the concept of Bring Your Own Device. IT security issues on cloud environments have almost reached the same level as attacks on traditional IT, with increased adoption of cloud-based services by the enterprise. Securing critical data in the cloud, even a private cloud, can pose serious security risk when moving data and applications from conventional enterprise data centres into cloud environments, especially public clouds. Even in private clouds, financial organisations face increased risks posed by having multiple data sets and applications sharing the same physical services.

In 2013, the IT security market was valued over ₹5,000 Crore, due to the rapid adoption of IT security solutions and services by enterprises of all sizes, this value is expected to grow by 12% to reach ₹6,600 Crore in 2015, with hardware, software and services making up 20%, 23% and 57% of the share respectively.

### IT Penetration in India

As of June 2015, India has over 350 million Internet users and is the second largest user base in the world. By 2017, this number is expected to reach an impressive 500 million, but a poor penetration rate (A measure of amount of sales or adoption of a product or service compared to the theoretical market for that product or service) of 19% (approx.) limits the potential. The adoption of mobile Internet is expected to drive the growth of Internet penetration. Urban areas in India have "number of wireless telephone connections" for every hundred individuals living within an area- of 142.39%, the same number for the rural area was only 44.32%, as of September 2014.

Users accessing the Internet through their mobile devices have become a key driver for the increase in overall Internet subscriber base in the country. As of February 2015, only 13% of subscribers in India were using 3G and 4G networks. Based on Cisco's 2014 VNI Mobile Forecast, India is at the lower-end of global use of data, in that mobile users average 149 MB per month, this data average is reflective of conditions where, 47% of network capacity is driven by streaming audio and video and 15.3% of connections are via smartphones. The increase in Internet users is mainly driven by a significant growth in smartphone subscription in India that witnessed a growth of 55% to reach 140 million subscriptions for the year. Smartphones account for around 15% of the total mobile subscriptions in India and 11% of Indian population is smartphone users as on now. 65% of India's Internet traffic as of May 2015 was driven by mobile.

### Need for IT Security

The number of cyber-attacks in India was nearly 50,000 during the first five months of 2015. The trend in increase in cyber-attacks is similar to that worldwide. A total of 27,605 and 28,481 websites were hacked during the year 2012 and 2013, respectively in India. In the year 2014 and 2015 (up to May), the number was 32,323 and 9,057, respectively. India is also in the Top 10 countries with the largest number of reported attacks involving Trojans capable of sending SMS to premium short numbers.

Cyber security threats today have become increasingly sophisticated and complex. Organisations, however, have not been able to evolve at the same pace. As organisations move ahead and embrace new technologies without fully comprehending the implications these have on the entire enterprise, they are rendering themselves vulnerable to an array of cyber security threats. The need for securing the IT infrastructure has been of prime importance for many organisations. While threats like malware / virus / phishing / trojans continue to pose a threat, organisations as well as individuals have plenty of options to secure their offices and homes from such attacks. The cyber security market is currently undergoing unprecedented growth and development due to a wide variety of internal and external factors.

### SMB Landscape:

India is currently home to 51 million SMBs, employing over 40% of India's workforce amounting to about 116 million people. The SMB sector contributes 38% of the national gross domestic product and comprises 40% of India's total exports. In terms of technology adoption, SMB's are likely to spend around ₹71,300 crore in 2015

on IT products like Social, Mobility, Analytic and Cloud (SMAC) etc. By 2020 this expenditure is expected to rise to ₹154,800 crore with a CAGR of over 16%.

Out of the base of 51 million SMBs, around 12 million have high degree of technology influence and are looking to adopt new IT products.

**Emerging Opportunities**

These include:

- Digital India
- 100 Smart City Plan
- Internet of Things & Home Automation

## SUMMARY OF OUR BUSINESS

*The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Prospectus, including the information contained in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company" and "Financial Statements" on pages 17, 302 and 192, respectively.*

**Overview**

We are one of the leading providers of security software products and solutions in India with a market share of over 30% in the retail segment according to the Zinnov Industry Report. Our end customers include home users, small offices and home offices (SOHO), SMBs, enterprises, educational institutions, as well as government agencies and departments. Our proprietary antivirus technology, which is based on an innovative behaviour and threat detection system, works to detect security threats including virus and malware attacks in real time to protect our users' IT assets across platforms, including Windows, Mac, Android, iOS and Linux, and across devices, including desktops, laptops, mobile/ smartphones and tablets, while aiming to ensure resource availability, business continuity and an uninterrupted digital experience. Our portfolio includes solutions under the widely recognised brand names "Quick Heal" and "Seqrite" for desktop and laptop security, mobile / smartphone security, endpoint security, gateway security, network security, cloud-based mobile device management (MDM) systems, data loss prevention (DLP) systems and family safety software. Since our incorporation, more than 24.5 million licenses of our products have been installed and as of December 31, 2015, we had over 7.13 million active licenses spread across more than 80 countries.

Our security software solutions are structured to be user friendly and can be accessed, installed and used with minimal effort and limited technical knowledge. We provide support services to our end users in English, Hindi and several other major regional Indian languages. Our home users are usually required to purchase an annual or multi-year license. Our SMB, enterprise users, educational institutions and government customers may purchase single or multiple user licenses which may be renewed annually or every three years. We take regular feedback from our large user base which enables us to understand the needs of our users better and helps us to innovate and design improved solutions. Our sales and marketing activities benefit from word-of-mouth recommendations from our large user network to create a viral marketing effect, which is amplified by the speed, ease of use and quality of our solutions, and allows us to gain new customers at a low acquisition cost. We also invest in advertising and sales promotion activities across various media channels that further increase our brand recognition among our existing and potential users.

We sell our solutions directly and through distributors, whom we refer to as channel partners, who in turn distribute our solutions through resellers. We have established strong, sustainable and long-term relationships with our channel partners. Our home users and other users including SMBs may purchase our solutions in stores, online and through our retail channel partners. End users such as enterprises, educational institutions and government customers may purchase our solutions directly from us, through our enterprise channel partners as well as through system integrators who package our solutions as part of their overall product offering. Our internal sales team and channel partners collaborate to identify new sales prospects, sell solutions, and provide after-sale support.

We believe this distribution model helps us to deliver our solutions to a large addressable market, distributed across a broad geographic spectrum, at low costs. As at December 31, 2015, we have a network of over 19,000 retail channel partners, 349 enterprise channel partners, 319 government partners and 944 mobile channel partners. This approach also allows us to maintain connectivity with our end users, including key enterprise accounts, and helps us support our channel partners, while leveraging their distribution reach and capabilities. For more details, see "*Our Business— Sales and Distribution*" on page 149.

We have been successful in augmenting our portfolio of solutions over time through continuous R&D and in-house development which we believe is a key differentiator of our business model. As of December 31, 2015, we had 1,396 employees, including 547 employees who comprise our R& D team. Over the three fiscal years ended March 31, 2015, we have introduced solutions for mobile and tablet security, as well as MDM and DLP systems. We continue to invest in our existing solutions and for developing new solutions towards applications like Internet of Things (IoT) security and home automation security systems.

Our Company was incorporated in 1995 and our registered office is located in Pune, India. As of December 31, 2015, we conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India and, through our Subsidiaries, that are present in Japan, Dubai, the United States and Kenya. Our technical innovation

and business achievements have earned us multiple industry awards including the CRN Channel Champion Award for Client Security in 2014 and 2015 and the DQChannels Channel Satisfaction Survey 2015 in the category of antivirus vendors. In 2010, we were awarded the Deloitte Fast 50 award which recognised us as one of India's 50 fastest growing and dynamic technology companies (based on revenue growth over the past three years as of then). In addition, Kailash Sahebrao Katkar, our Promoter, Managing Director and Chief Executive Officer, was honoured with SME Channels' "IT Entrepreneur of the Year" award in 2014. On August 18, 2015, our Company was awarded the "Make in India Excellence 2015" award for its contribution towards the economic growth of the country. Our solutions have also been certified by AV-Test and AVComparatives.

For the six months period ended September 30, 2015, we generated total revenue of ₹ 1,522.74 million, Gross Profit of ₹ 1,358.16 million, EBITDA of ₹ 439.99 million and restated profit for the period of ₹ 242.24 million. For the fiscal year ended March 31, 2015, we generated total revenue of ₹ 2,943.37 million, Gross Profit of ₹ 2,606.19 million, EBITDA of ₹ 918.03 million and restated profit for the year of ₹ 538.04 million. For the five fiscal years ended March 31, 2015, our total revenue, Gross Profit, EBITDA and restated profit for the year grew at a CAGR of 21.94%, 20.97%, 13.07% and 8.67%, respectively.

We currently report our results across two segments, within India and outside India, based on the geographic areas in which we have major operations. For the six months period ended September 30, 2015, we derived 97.34% and 2.66% of our revenue from sales to users within India and outside India, respectively. For fiscal year 2015, we derived 97.31% and 2.69% of our revenue from sales to users within India and outside India, respectively.

We categorise our sales as retail sales and other sales. We define retail sales as all sales, other than those through our enterprise channel partners, government partners, mobile channel partners and sales outside India. Based on this definition, other sales refers to sales where our sales team works closely with the enterprise, government and mobile channel partners, as well as the eventual end users, such as enterprises and government customers, to sell our solutions. For the six months period ended September 30, 2015, we derived 86.76% and 13.24% of our revenue from retail sales and other sales, respectively. For fiscal year 2015, we derived 86.67% and 13.33% of our revenue from retail sales and other sales, respectively.

**Strengths**

We believe we are well-positioned to capture market opportunities and to benefit from the expected growth in the market through our competitive strengths, which principally include the following:

***Large Portfolio of Easy-to-use, High-quality Solutions***

We provide high-quality feature-rich security software solutions for home users as well as SMBs, enterprises, educational institutions and government customers that can be deployed or accessed with minimal effort and limited technical knowledge, are user-friendly, effective, efficient and endeavour to offer a superior user experience. We offer a broad range of security software solutions under the brand names "Quick Heal" and "Seqrite" and our solutions have earned a variety of awards and certifications from industry groups and publications including AV-Test, VB 100, ICSA Lab and OPSWAT. We offer various security software solutions to meet diverse user requirements which are spread across multiple price points. Our R&D team works on regular feedback shared by our users and tracks various evolving security threats to define, improve and customise solutions to meet our users' security requirements. Many of our enterprise and government end users have stringent enterprise technology criteria, and their adoption of our solutions has helped us continuously validate our quality and value proposition. For example, our enterprise users include Gitanjali Gems Limited, Sardar Patel University, Bombay Hospital, Indore, Aimil Limited, National Steel and Agro Industries Limited, Bharati Sahakari Bank Limited, Pune, and Chartered Speed Private Limited among others. For more details on our various solutions, see "*Our Business— Product Descriptions*" and "*Our Business— Case Studies*" on pages 147 and 148.

***Recognised Brand Name and Positive Reputation***

Our proven track record of execution over two decades has contributed to our reputation and leading market position in India for providing security software solutions. We are one of the leading providers of security software products and solutions in India with a market share of over 30% in the retail segment according to the Zinnov Industry Report.

Our "Quick Heal" and "Seqrite" brands are widely recognised across India and we continue to invest in various brand building initiatives. We have grown our user base through our solutions offerings and our end users' trust

in our ability to protect their data and systems. We were recognised as India's number 1 antivirus vendor by the DQChannels Channel Satisfaction Survey 2015. In addition, our product for SMBs, Seqrite Endpoint Security, was awarded the IMC IT Award in the category of IT products for Small and Medium Enterprises in 2015. Such awards and recognition demonstrate our customers' trust in and satisfaction with our solutions.

Our strong brand name and reputation are further enhanced by our presence across leading newspapers, magazines, top national news and entertainment TV channels, and FM radio channels in India. We advertise across a number of newspapers and magazines in English and other major regional Indian languages. On TV, we advertise across various channels, including major national news and entertainment TV channels in India. We often advertise during broadcasts that have large viewership such as the broadcast of the Indian Premiere League cricket matches, popular TV shows such as Kaun Banega Crorepati (KBC, or Who wants to be a millionaire, in Hindi) and Filmfare movie awards ceremonies. We also advertise on several popular radio stations covering major cities and towns during high traffic hours. For the six months period ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, expenditure on advertising and sales promotion was 5.92%, 9.79%, 8.83% and 8.86%, respectively, of our total revenue for these periods.

***Large and Diverse User Base***

As one of the leading providers of security software solutions, we had over 7.13 million active licenses as on December 31, 2015 spread across more than 80 countries. We seek to drive greater user engagement with our security software solutions and, over the long term, building a relationship based on trust. There is a robust user community for our various solutions and we continuously take feedback from our users to enable us to better understand customer needs and requirements and help us design better solutions. We also proactively upgrade our solutions on a continuous basis to address evolving security threats, and continue to provide up-to-date protection to our user base. We believe we offer security software solutions at competitive costs that provide a compelling value and quality proposition for customers not already using our solutions and also drive the retention of our existing customer base.

We are committed to providing high quality and timely solutions for our end users and hence place strong emphasis on product quality and efficient customer services. We provide multi-lingual end user support in English, Hindi and several other major regional Indian languages. In addition, we also provide multi-modal support to our users through phone, email, sms, online chat and remote access. We also provide ground support and onsite support for our non-home users. In addition, data sheets, product videos and manuals are available on our website for various solutions which provides users with information regarding the technical specifications of our solutions and also helps them in installation of our solutions. Users may update and upgrade solutions online. 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 to resolve any customer issues in a more time-efficient manner thereby helping us to increase user satisfaction and retention.

***Strong and Diversified Channel Network***

As of December 31, 2015, we have over 19,000 retail channel partners, 349 enterprise channel partners, 319 government partners and 944 mobile channel partners, who act as the distributors and resellers of our solutions, and we conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India. As of December 31, 2015, our Sales & Marketing team comprised 400 employees who work closely with our channel partners.

We are not dependent on a single or small group of channel partners for the distribution of our solutions, and seek to establish and maintain collaborative relationships with various channel partners. We believe that the distribution reach and selling capabilities of our extensive channel partner network will continue to drive our business growth and provide us a competitive advantage in the market as well as serve as a barrier to entry for new entrants. In order to maintain a healthy relationship with our channel partners and coordinate business development activities effectively, we host regular meetings with our channel partners to discuss the challenges encountered by them, and find suitable solutions. These solutions are aimed at enhancing overall channel partner satisfaction and may address issues like pricing, our channel partner rewards system, end user satisfaction and business development policies. We believe these meetings foster effective dialogue between our channel partners and us, and among the channel partners themselves, increase channel partner satisfaction and retention, and enhance our understanding of users' requirements as well as improve our market intelligence. We often organise and attend industry conferences and organise technical training programmes for our channel partners that provide support tools including lead generation support. For more details on our channel partners, please see "*Our Business— Sales*

*and Distribution*" on page 149.

***Significant R&D and Technology Capabilities***

We believe our R&D and technology capabilities represent our core competency and a key competitive advantage.

Our R&D division consists of various teams including Threat Research & Response team, Business Logic team, Development team, Incidence Response team, IoT security team and the Quality Assurance team, all of which have specific pre-defined roles, and enable us to comprehensively integrate and manage the entire R&D value chain from conceptualisation, design and prototyping, to testing, development and commercial release. We have devoted considerable resources to R&D, including our investment in anti-ransomware technology, behavioural detection system as well as antivirus technology for mobiles and tablets.

The technology used in our solutions is typically developed in-house, though we may license certain technology or other software and integrate that with our solutions as well. We have been granted four patents in the United States and have one pending patent application in the United States. Further, we have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology. For example, our Advanced DNAScan technology uses behaviour-based detection method to determine whether a computer program is malicious or not based on its behavioural characteristics. It is effective against latest and emerging threats, and protects users against zero-day attacks. For instance, the recently discovered "CryptoLocker" family uses various advance obfuscation techniques to evade detection. Quick Heal's behaviour detection module successfully detects and blocks most of these "CryptoLocker" samples. Our various solutions are available across a wide range of platforms such as Windows, Mac, Linux, Android and iOS. In line 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. We are also working on IoT security and home automation security systems.

In fiscal years 2015, 2014 and 2013, we expensed ₹ 459.54 million, ₹ 312.07 million and ₹ 196.87 million, respectively, on R&D-related expenses, which formed 16.06%, 12.85% and 9.60%, respectively, of our revenue from operations (net) in these years. For the six months period ended September 30, 2015, we expensed ₹290.22 million on R&D-related expenses which formed 19.59%, of our revenue from operations (net) in this period. Our in-house R&D team comprised 547 employees, which was 39.18% of our total employees, as of December 31, 2015. Among them, 221 had obtained master's or higher degrees, and 326 had obtained bachelor's degrees or other degrees.

***Experienced Management Team and Qualified Pool of Employees Backed by a Venture Capital Investor***

We are led by a dedicated senior management team with several years of industry experience. We believe our senior management team is able to leverage our market position and their collective experience and knowledge in the security software industry, to execute our business strategies and drive our future growth. Our Promoters, Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar, who serve as Managing Directors, and are the Chief Executive Officer and the Chief Technical Officer, respectively, were early pioneers in the Indian software products industry and devised our Company's go-to-market strategy and business model, and have more than four decades of collective experience in the industry, in which we operate. In addition, we believe the strength and entrepreneurial vision of our Promoters and senior management has been instrumental in driving our growth and implementing our strategies. Our Managing Director and Chief Technical Officer, Sanjay Sahebrao Katkar, is a qualified computer engineer and heads our R&D and innovation efforts.

In addition, we have 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. For details, see the section "*Management*" on page 169.

Sequoia Capital, a venture capital investor, known for its investments in the technology space, invested in our Company in fiscal year 2011, and owns a 10.05% stake in our Company as of the date of this Prospectus, through Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III.

***Consistent Growth, Profitability and Cash Flow Generation***

We have grown consistently over the last few years and for the five fiscal years ended March 31, 2015, our total revenue, Gross Profit, EBITDA and restated profit for the year grew at a CAGR of 21.94%, 20.97%, 13.07% and 8.67%, respectively. For the six months period ended September 30, 2015, we generated total revenue of ₹ 1,522.74 million, Gross Profit of ₹ 1,358.16 million, EBITDA of ₹ 439.99 million and restated profit for the period of ₹ 242.24 million. For fiscal year 2015, we generated total revenue of ₹ 2,943.37 million, Gross Profit of ₹ 2,606.19 million, EBITDA of ₹ 918.03 million and restated profit for the year of ₹ 538.04 million. Further, we achieved Gross Margins of 91.65%, 91.09%, 92.13% and 92.38%, EBITDA Margins of 29.69%, 32.09%, 42.98% and 51.30% and restated profit for the year (period) margins of 16.35%, 18.81%, 24.04% and 37.51% for the six months period ended September 30, 2015 and fiscal years 2015, 2014 and 2013, respectively.

We have a proven track record of operations of over two decades and have a strong balance sheet as well as a stable cash flow profile. We have had positive operating cash flows in each of the last five fiscal years. In addition, as of September 30, 2015, we were completely debt-free. Further, we typically seek to work with creditworthy counterparties which enable us to optimise our cash flow management. We keep regular records of our receivables due, and follow up with our counterparties at regular intervals to ensure timely payments. As at September 30, 2015, March 31, 2015, 2014 and 2013, the ratio of operating cash flow to EBITDA was 0.78, 0.84, 0.58 and 0.64, respectively. As of September 30, 2015, we had current investments totalling ₹ 959.49 million which comprised investments in mutual funds (quoted), and cash and bank balances of ₹ 105.21 million.

**Strategies**

Our aim is to satisfy our end users, by developing compelling, differentiated and cutting-edge solutions that optimise and secure their IT data systems and assets.

***Retain and Expand our User Base***

We have a large home user base and are actively working to increase our presence in the SMB, enterprises, educational institutions and government customers market. We have separate internal teams that are focused on SMB and enterprise users, educational institutions and government customers. These teams help us in identifying opportunities and lead generation. The number of active licenses installed by our users has increased from 2.5 million as of March 31, 2011 to 7.13 million as of December 31, 2015.

We expect to continue to develop our offerings by adding features and functionalities tailored towards the SMB and enterprise customer segment, such as security and other functionality delivered on demand, or through a software-as-a-service model. We believe that there are significant opportunities in this segment, as these customers may often have little-to-no internal IT support, making them reliant on third-party solutions that are cost effective, high quality and easy to use.

We are working to actively expand the number of channel partners we work with, especially in so-called tier II and tier III cities and towns across India, so as to enhance our geographic penetration and sales in newer towns and cities to leverage the growth opportunities offered by them. We also intend to pursue additional customer acquisition strategies and to increase our sales and marketing efforts to further build brand awareness and accelerate the growth of our customer base. In addition, we expect to invest significantly in building our brand through advertising and sales promotion and intend to deploy ₹ 1,110 million from the Net Proceeds for this purpose. For details, please see "*Objects of the Offer — Advertising and Sales Promotion*" on page 105.

***Grow our SMB and Enterprise Business***

In fiscal year 2015, we introduced the "Seqrite" range of solutions especially aimed at our SMB and enterprise customers. According to the Zinnov Industry Report, there are nearly 51 million SMBs in India and these employ over 40% of India's workforce amounting to about 116 million people. The SMB sector contributes to 38% of the national gross domestic product and comprises 40% of India's total exports. In terms of technology adoption these SMBs are likely to spend around ₹ 71,300 crore in the year 2015 on IT products. By 2020 this expenditure is expected to rise to ₹ 154,800 crore with a CAGR of over 16%.

As IT adoption is on the rise among SMBs and enterprises, we see a greater need for security software solutions. Thus, we believe there exist significant opportunities for us to expand this business across India. We aim to

leverage our existing infrastructure, channel partner relationships and market knowledge to provide solutions to such customers and are working closely with our enterprise channel partners to identify and target new SMB and enterprise accounts. We have set up a new sales team internally to exclusively focus on SMBs and enterprises, and in this space, we plan to mainly focus on manufacturing companies, banking, financial and insurance (BFSI) companies, healthcare, hospitality, educational institutions, government customers, emerging e-commerce companies and other services companies. We also intend to focus on SMBs and enterprises in certain geographies internationally such as the United States and Japan, respectively. As of December 31, 2015, we work with 349 enterprise channel partners and 319 government partners and are expanding our sales and distribution reach. We also have an internal team dedicated to identifying new opportunities among SMBs and enterprises which works closely with the dedicated sales team.

***Pursue International Growth Opportunities***

We are an established company with a proven track record of successful operations in India for over two decades. As of December 31, 2015, we sold our solutions globally and had end users in more than 80 countries. We believe that there exist substantial opportunities to grow our business internationally, especially our SMB and enterprise business. We have been focused on international expansion in recent years and in fiscal year 2012 we opened offices in the United States, in Japan in fiscal year 2013 and in Kenya and Dubai in fiscal year 2014, and expect to expand these offices in the near to medium term. We intend to mainly focus on SMB and enterprise customers in certain geographies internationally such as the United States and Japan. Further, we intend to mainly focus on the home user market in Kenya and Dubai, and may expand into the SMB and enterprise customers market in the future in these geographies. We may further invest in expanding our footprint in Africa (with a special focus on South Africa), the Middle East (including the United Arab Emirates) and South East Asia in the near to medium term. We have, in the past, explored and continue to explore opportunities on our own, through wholly owned subsidiaries, or through tie-ups, acquisitions, strategic alliances, partnerships or joint ventures in these countries and regions. While we are currently evaluating opportunities and speaking to several potential partners, we have not entered into any definitive agreements in relation to this.

We have recently entered into a preliminary term sheet to form a new company for a joint venture to distribute, sell and market our offerings in South Africa. We expect the other party to provide local market insight and currently propose to structure the joint venture company with us as a majority partner. We are currently engaged in legal and financial negotiations and we cannot assure investors that we will proceed with this investment in a timely manner, or at all.

For the six months period ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, we derived 2.66%, 2.69%, 2.36% and 2.17%, respectively, of our total revenue outside India. We plan to continue to market our products and solutions to users located outside India by investing in brand building and advertising and marketing activities in those geographies. Further, we also intend to expand our international sales and distribution network, by increasing the number of experienced sales personnel across geographies and are also working to augment the number of channel partners to strengthen our distribution network. Our R&D team is also focused on customising and localising our solutions to better address the needs of users in various international markets. For example, our solutions for home users are available in several major international languages such as Japanese, Spanish, Polish, Arabic and Italian.

***Strengthen our R&D Capabilities and Broaden our Portfolio of Solutions***

The security software industry is characterised by continuous advancement in technology. To maintain and advance our position in the market, we intend to continue to strengthen our R&D capabilities, which shall enable us to innovate and develop solutions with the latest technology for existing and upcoming platforms. In addition to continued R&D and technology investments in development of new solutions, we may pursue acquisitions of, or investments in, or licensing of, technologies that complement our portfolio. In our continuing effort to strengthen our R&D abilities, we propose to utilise ₹ 418.80 million of the Net Proceeds towards funding our capital expenditure for R&D activities. For more details, see "*Objects of the Offer — Capital expenditure on research and development*" on page 107.

We believe we have built a strong reputation and brand name in the data security and cyber security industry and most importantly, with our end users, for continuous innovation and technological advances. Our objective is to continue to enhance and broaden our portfolio of solutions to address our customers' evolving needs, ultimately driving greater customer growth, increased retention and revenue from new customer adoption. As of December 31, 2015, we had been granted four patents in the United States, have one pending patent application in the United

States and have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology and are currently working on developing new solutions towards applications like IoT and home automation security solutions.

We had entered into a preliminary term sheet with an entity that is engaged in developing technology for home automation to make an investment not exceeding ₹ 60 million in this entity. We have recently signed definitive documents to proceed with this investment.

***Expand our Capabilities for Smartphones/ Mobile Devices***

The proliferation of smartphone/ mobile devices has created a diverse computing environment for users. We already offer several solutions, both free and paid, for mobile devices and intend to develop additional solutions that deliver functionality currently available for our desktop and laptop users to mobile devices, particularly smartphones and tablets. For example, we have entered into agreements with certain distributors of branded mobile phones whereby our Quick Heal mobile antivirus solution is offered by these distributors bundled with smartphones sold by them. In addition to mobile security solutions, we are also focussing on insurance for mobile phones. We have entered into an agreement with an insurance company regulated by the Insurance Regulatory and Development Authority (IRDA) and through our product, Quick Heal Gadget Securance, offer a mix of mobile security and handset insurance. In addition to security against viruses and malware, this product provides insurance cover against theft, burglary and physical, liquid and fire damage. We have an agreement with an IRDA regulated insurance broker that has enabled us to design the insurance scheme and implement it in accordance with IRDA guidelines. This insurance broker also handles claims processing and payments for admissible claims, for damages, theft and loss in accordance with the terms of the insurance scheme.

Our solutions are currently available for the Android, Windows, Linux, iOS and Blackberry platforms. As of December 31, 2015, we had more than 1.1 million active licenses for our mobile solutions. We currently offer a freemium product under the brand name Fonetastic Free, and believe there may be opportunities in the future to monetise some of our free solutions for mobile devices.

## SUMMARY FINANCIAL INFORMATION

*The following tables set forth the summary financial information derived from and Restated Unconsolidated Summary Statements and Restated Consolidated Summary Statements.*

*The financial statements referred to above are presented under the section "Financial Statements" on page 192. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and the section "Financial Statements" on page 192.*

### RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF ASSETS AND LIABILITIES

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A.** | **Equity and liabilities** | | | | | | |
| | **Share holders' funds** | | | | | | |
| | (a) Share capital | | | | | | |
| | - Equity share capital | 610.70 | 610.70 | 610.70 | 76.34 | 76.34 | 76.22 |
| | - Equity share suspense | - | - | - | - | - | 1.17 |
| | (b) Reserves and surplus | 3,029.88 | 2,765.63 | 2,750.77 | 2,780.16 | 2,027.10 | 1,357.41 |
| | **Total of shareholders' funds** | **3,640.58** | **3,376.33** | **3,361.47** | **2,856.50** | **2,103.44** | **1,434.80** |
| B | **Non-current liabilities** | | | | | | |
| | (a) Deferred tax liabilities (net) | - | - | - | 5.15 | 0.53 | 1.07 |
| | (b) Long term provisions | - | - | - | - | 3.56 | 1.56 |
| | **Total of non-current liabilities** | **-** | **-** | **-** | **5.15** | **4.09** | **2.63** |
| **C** | **Current liabilities** | | | | | | |
| | (a) Trade payables (Total outstanding dues of creditors other than micro enterprises and small enterprises) | 336.37 | 369.18 | 286.22 | 205.61 | 142.34 | 149.24 |
| | (b) Other current liabilities | 94.70 | 74.59 | 52.63 | 42.24 | 25.85 | 18.19 |
| | (c) Short-term provisions | 34.98 | 516.69 | 129.82 | 35.48 | 20.14 | 3.07 |
| | **Total of current liabilities** | **466.05** | **960.46** | **468.67** | **283.33** | **188.33** | **170.50** |
| | **Total of A + B + C** | **4,106.63** | **4,336.79** | **3,830.14** | **3,144.98** | **2,295.86** | **1,607.93** |
| **D** | **Assets** | | | | | | |
| | **Non-current assets** | | | | | | |
| | (a) Fixed assets | | | | | | |
| | -Tangible assets | 1,388.41 | 1,001.08 | 631.93 | 314.02 | 179.61 | 143.47 |
| | -Intangible assets | 105.99 | 108.54 | 185.08 | 69.90 | 8.97 | 3.93 |
| | -Capital work in progress | 492.99 | 737.41 | 554.13 | 289.74 | 238.33 | 19.70 |
| | | **1,987.39** | **1,847.03** | **1,371.14** | **673.66** | **426.91** | **167.10** |
| | (b) Non-current investments | 93.10 | 93.10 | 40.47 | 8.54 | - | - |
| | (c )Deferred tax assets (net) | 53.01 | 48.50 | 39.28 | - | - | - |
| | (d) Long-term loans and advances | 152.20 | 175.86 | 157.79 | 106.71 | 90.49 | 312.07 |
| | (e) Other non-current assets | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 | 0.22 |
| | **Total non-current assets** | **2,286.88** | **2,165.73** | **1,609.08** | **790.12** | **517.83** | **479.39** |
| **E** | **Current assets** | | | | | | |
| | (a) Current investments | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 | 487.03 |
| | (b) Inventories | 60.89 | 69.62 | 54.16 | 21.40 | 6.08 | - |

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| (c) Trade receivables | 611.88 | 676.58 | 709.08 | 772.93 | 656.83 | 477.00 |
| (d) Cash and bank balances | 66.19 | 73.43 | 81.72 | 100.25 | 75.49 | 134.75 |
| (e) Short-term loans and advances | 81.48 | 53.74 | 60.71 | 65.56 | 36.71 | 29.74 |
| (f) Other current assets | 39.82 | 1.61 | 1.63 | 0.95 | 1.58 | 0.02 |
| **Total current assets** | **1,819.75** | **2,171.06** | **2,221.06** | **2,354.86** | **1,778.03** | **1,128.54** |
| **Total of D+E** | **4,106.63** | **4,336.79** | **3,830.14** | **3,144.98** | **2,295.86** | **1,607.93** |

**RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF PROFITS AND LOSSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Income:** | | | | | | |
| Revenue from operations (gross) | | | | | | |
| Sale of manufactured products | 9.36 | 25.89 | 20.01 | 2.98 | - | 1,435.28 |
| Sale of traded goods | 1,457.70 | 2,812.14 | 2,418.58 | 2,045.05 | 1,789.85 | - |
| Sale of services | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 | 1.03 |
| **Revenue from operations (gross)** | **1,467.33** | **2,840.67** | **2,439.05** | **2,048.92** | **1,790.65** | **1,436.31** |
| Less - excise duty | - | - | 0.01 | 0.08 | 0.88 | 129.04 |
| **Revenue from operations (net)** | **1,467.33** | **2,840.67** | **2,439.04** | **2,048.84** | **1,789.77** | **1,307.27** |
| Other income | 39.82 | 81.83 | 98.45 | 97.50 | 56.80 | 23.85 |
| **Total revenue** | **1,507.15** | **2,922.50** | **2,537.49** | **2,146.34** | **1,846.57** | **1,331.12** |
| **Expenses:** | | | | | | |
| Raw materials consumed | 4.56 | 20.86 | 11.34 | 1.51 | 85.12 | 70.00 |
| Purchase of security software products | 50.25 | 137.15 | 116.78 | 104.66 | - | - |
| (Increase )/decrease in security software products | 9.64 | (11.44) | (18.25) | (11.22) | - | - |
| Employee benefits expense | 403.07 | 625.55 | 425.16 | 281.56 | 206.76 | 156.06 |
| Operation and other expenses | 537.67 | 1,125.49 | 829.17 | 614.33 | 541.03 | 519.64 |
| Depreciation and amortisation expense | 113.41 | 201.83 | 108.02 | 44.39 | 21.31 | 14.25 |
| Finance costs | - | - | - | - | - | 1.62 |
| **Total expenses** | **1,118.60** | **2,099.44** | **1,472.22** | **1,035.23** | **854.22** | **761.57** |
| | | | | | | |
| **Restated profit before tax and exceptional items** | **388.55** | **823.06** | **1,065.27** | **1,111.11** | **992.35** | **569.55** |
| Exceptional items | - | - | 173.28 | - | - | - |
| **Restated profit before tax and after exceptional item** | **388.55** | **823.06** | **891.99** | **1,111.11** | **992.35** | **569.55** |
| **Tax expense:** | | | | | | |
| Current tax | 129.62 | 269.31 | 320.89 | 331.11 | 310.93 | 170.88 |
| Deferred tax (credit)/charge | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) | 12.90 |
| **Total tax expense** | **125.12** | **260.08** | **276.46** | **335.73** | **310.40** | **183.78** |
| **Restated profit for the period/ year** | **263.43** | **562.98** | **615.53** | **775.38** | **681.95** | **385.77** |

**RESTATED UNCONSOLIDATED FINANCIAL INFORMATION OF CASH FLOWS**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| | **Profit before tax and after exceptional item (as restated)** | **388.55** | **823.06** | **891.99** | **1,111.11** | **992.35** | **569.55** |
| | Adjustment to reconcile profit before tax to net cash flows | | | | | | |
| | Exceptional items | - | - | 173.28 | - | - | - |
| | Depreciation and amortization expense | 113.41 | 201.83 | 108.02 | 44.39 | 21.31 | 14.25 |
| | Interest expense | - | - | - | - | - | 0.29 |
| | Interest income | (0.95) | (3.79) | (4.39) | (4.95) | (6.11) | (3.29) |
| | Provision for doubtful debts and advances | 3.36 | 11.73 | 17.21 | 12.73 | 3.47 | 3.32 |
| | Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 | - |
| | Fixed assets write off | - | 0.08 | 0.12 | 0.22 | 0.20 | - |
| | (Profit) / loss on sale of fixed assets | - | (0.57) | 0.03 | (0.01) | - | - |
| | Employee stock compensation expense | 0.82 | 1.28 | 0.10 | - | - | - |
| | Dividend income | (28.84) | (63.62) | (75.57) | (69.92) | (47.40) | (20.45) |
| | Unrealized foreign exchange (gain)/loss | (1.43) | 0.75 | (0.43) | 0.01 | - | - |
| | Deposits written off | - | - | - | 0.04 | - | - |
| | Net gain on sale of investment | (7.35) | (13.73) | (16.92) | (14.82) | (0.04) | (0.10) |
| | **Operating profit before working capital changes** | **467.62** | **960.02** | **1,093.44** | **1,082.39** | **966.18** | **563.57** |
| | Movements in working capital : | | | | | | |
| | (Increase)/decrease in trade receivable | 62.68 | 17.03 | (126.21) | (132.44) | (185.70) | (183.51) |
| | (Increase)/decrease in inventories | 8.73 | (15.46) | (32.76) | (15.32) | (6.08) | - |
| | (Increase)/decrease in short term loans and advances | (27.73) | 6.98 | 4.83 | (28.84) | (6.97) | 3.18 |
| | (Increase)/decrease in long term loans and advances | 0.11 | (1.87) | (0.67) | (1.17) | 0.38 | 0.39 |
| | (Increase)/decrease in other non current assets | 0.06 | - | - | - | - | - |
| | (Increase)/decrease in other current assets | (38.20) | 0.12 | (1.58) | - | - | - |
| | Increase/(decrease) in long term provisions | - | - | - | (3.56) | 2.00 | 0.21 |
| | Increase/(decrease) in short term provisions | 3.40 | 12.41 | 6.02 | 6.29 | 3.76 | (0.45) |
| | Increase/(decrease) in trade payables | (32.84) | 82.96 | 80.63 | 63.29 | (6.92) | 67.08 |
| | Increase/(decrease) in other current liabilities | 8.88 | 16.10 | 10.51 | 11.07 | 7.67 | 8.38 |

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| | **Cash generated from operations** | **452.71** | **1,078.29** | **1,034.21** | **981.71** | **774.32** | **458.85** |
| | Direct taxes paid (net of refunds) | (98.03) | (297.18) | (406.76) | (299.92) | (287.06) | (256.93) |
| | **Net cash flow from operating activities (A)** | **354.68** | **781.11** | **627.45** | **681.79** | **487.26** | **201.92** |
| **B** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| | Purchase of tangible and intangible assets (including capital work-in-progress and capital advances) | (250.60) | (660.75) | (771.00) | (332.42) | (83.98) | (54.10) |
| | Proceeds from sale of tangible and intangible assets | 0.04 | 1.05 | 0.67 | 0.15 | - | - |
| | Investments in subsidiaries | - | (48.47) | (31.93) | (8.54) | - | - |
| | Investments in non-current investments | - | (4.15) | - | - | - | - |
| | Purchase of current investment | (1,035.05) | (2,771.76) | (3,732.61) | (3,046.70) | (3,743.90) | (3,357.10) |
| | Sale of current investments | 1,379.00 | 2,803.18 | 3,829.54 | 2,669.08 | 3,229.62 | 2,844.21 |
| | Maturity of bank deposits(having original maturity of more than three months) | (0.08) | 39.96 | (0.76) | 8.89 | 22.26 | 31.96 |
| | Interest received | 0.95 | 3.69 | 4.91 | 5.95 | 4.55 | 3.29 |
| | Dividends received | 28.84 | 63.62 | 75.95 | 69.55 | 47.40 | 28.79 |
| | **Net cash generated from/ (used in) investing activities (B)** | **123.10** | **(573.63)** | **(625.23)** | **(634.04)** | **(524.05)** | **(502.95)** |
| **C** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| | Dividend paid on equity shares | (403.06) | (149.55) | (19.08) | (11.45) | - | - |
| | Tax on equity dividend paid | (82.05) | (25.42) | (3.24) | (1.86) | - | - |
| | Proceeds from issue of equity shares (including securities premium) | - | - | - | - | - | 371.76 |
| | Share issue expenses | - | - | - | - | - | (16.09) |
| | Interest expense | - | - | - | - | - | (0.29) |
| | Repayment of secured loan | - | - | - | - | - | (50.02) |
| | **Net cash (used in) / generated from financing activities (C)** | **(485.11)** | **(174.97)** | **(22.32)** | **(13.31)** | **-** | **305.36** |
| **D** | **Net increase / (decrease) in cash and cash equivalents (A + B + C)** | **(7.33)** | **32.51** | **(20.10)** | **34.44** | **(36.79)** | **4.33** |
| **E** | Effect of exchange differences on cash and cash equivalents held in foreign currency | **-** | **-** | **(0.01)** | **-** | **-** | **-** |
| **F** | Cash and cash equivalents at the beginning of the period/ year | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** | **57.70** |

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **G** | **Cash and cash equivalents at the end of the period/ year (D + E + F)** | **64.75** | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** |

| Components of cash and cash equivalents | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Cash on hand | 1.31 | 1.14 | 0.61 | 1.52 | 0.94 | 1.92 |
| Balances with banks: | | | | | | |
| -Current accounts | 63.28 | 70.57 | 35.98 | 54.28 | 20.43 | 25.10 |
| -EEFC accounts | 0.16 | 0.37 | 2.98 | 3.88 | 3.87 | 3.05 |
| -Deposit accounts with original maturity of less than 3 months | - | - | - | - | - | 31.96 |
| **Total** | **64.75** | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** |

**RESTATED CONSOLIDATED FINANCIAL INFORMATION OF ASSETS AND LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | As at | | | | |
|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **A** | **Equity and liabilities** | | | | | |
| | **Share holders' funds** | | | | | |
| | (a) Share capital | 610.70 | 610.70 | 610.70 | 76.34 | 76.34 |
| | (b) Reserves and surplus | 2,947.28 | 2,703.73 | 2,712.91 | 2,773.46 | 2,026.91 |
| | **Total of shareholders' funds** | **3,557.98** | **3,314.43** | **3,323.61** | **2,849.80** | **2,103.25** |
| B | **Non-current liabilities** | | | | | |
| | (a) Deferred tax liabilities (net) | - | - | - | 5.15 | 0.53 |
| | (b) Long term provisions | - | - | - | - | 3.56 |
| | **Total of non-current liabilities** | **-** | **-** | **-** | **5.15** | **4.09** |
| **C** | **Current liabilities** | | | | | |
| | (a) Trade payables (Total outstanding dues of creditors other than micro enterprises and small enterprises) | 340.03 | 373.63 | 290.76 | 207.45 | 142.53 |
| | (b) Other current liabilities | 95.21 | 74.96 | 52.67 | 42.95 | 25.85 |
| | (c) Short-term provisions | 34.98 | 516.69 | 129.82 | 35.48 | 20.14 |
| | **Total of current liabilities** | **470.22** | **965.28** | **473.25** | **285.88** | **188.52** |
| | **Total of A + B + C** | **4,028.20** | **4,279.71** | **3,796.86** | **3,140.83** | **2,295.86** |
| **D** | **Assets** | | | | | |
| | **Non-current assets** | | | | | |
| | (a) Fixed assets | | | | | |
| | -Tangible assets | 1,389.37 | 1,001.95 | 632.81 | 314.02 | 179.61 |
| | -Intangible assets | 106.00 | 108.54 | 185.08 | 69.90 | 8.97 |
| | -Capital work in progress | 493.23 | 737.55 | 554.27 | 289.87 | 238.33 |
| | | **1,988.60** | **1,848.04** | **1,372.16** | **673.79** | **426.91** |
| | (b) Non-current investments | 4.15 | 4.15 | - | - | - |
| | (c) Deferred tax assets (net) | 53.01 | 48.50 | 39.28 | - | - |
| | (d) Long-term loans and advances | 148.63 | 172.31 | 155.87 | 106.22 | 90.49 |
| | (e) Other non-current assets | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 |
| | **Total non-current assets** | **2,195.57** | **2,074.24** | **1,567.71** | **781.22** | **517.83** |
| **E** | **Current assets** | | | | | |
| | (a) Current investments | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 |
| | (b) Inventories | 69.12 | 78.42 | 62.28 | 22.76 | 6.08 |
| | (c) Trade receivables | 575.42 | 647.56 | 693.60 | 773.00 | 656.83 |
| | (d) Cash and bank balances | 105.21 | 126.40 | 95.43 | 103.47 | 75.49 |
| | (e) Short-term loans and advances | 83.57 | 55.40 | 62.45 | 65.64 | 36.71 |
| | (f) Other current assets | 39.82 | 1.61 | 1.63 | 0.97 | 1.58 |
| | **Total current assets** | **1,832.63** | **2,205.47** | **2,229.15** | **2,359.61** | **1,778.03** |
| | **Total of D+E** | **4,028.20** | **4,279.71** | **3,796.86** | **3,140.83** | **2,295.86** |

**RESTATED CONSOLIDATED FINANCIAL INFORMATION OF PROFITS AND LOSSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended | For the year ended | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Income:** | | | | | |
| Revenue from operations (gross) | | | | | |
| Sale of manufactured products | 19.24 | 25.89 | 20.01 | 2.98 | - |
| Sale of traded goods | 1,462.33 | 2,832.62 | 2,407.92 | 2,046.26 | 1,789.85 |
| Sale of services | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 |
| **Revenue from operations (gross)** | **1,481.84** | **2,861.15** | **2,428.39** | **2,050.13** | **1,790.65** |
| Less - excise duty | - | - | 0.01 | 0.08 | 0.88 |
| **Revenue from operations (net)** | **1,481.84** | **2,861.15** | **2,428.38** | **2,050.05** | **1,789.77** |
| Other income | 40.90 | 82.22 | 97.93 | 97.50 | 56.80 |
| **Total revenue** | **1,522.74** | **2,943.37** | **2,526.31** | **2,147.55** | **1,846.57** |
| **Expenses:** | | | | | |
| Raw materials consumed | 15.12 | 21.81 | 6.61 | 1.51 | 85.12 |
| Purchase of security software products | 51.94 | 149.04 | 123.40 | 106.26 | - |
| (Increase)/decrease in security software products | 8.83 | (13.07) | (20.28) | (12.58) | - |
| Employee benefits expense | 417.12 | 641.10 | 434.07 | 285.57 | 206.76 |
| Operation and other expenses | 548.84 | 1,144.24 | 840.80 | 617.68 | 541.23 |
| Depreciation and amortisation expense | 113.53 | 202.00 | 108.15 | 44.39 | 21.31 |
| **Total expenses** | **1,155.38** | **2,145.12** | **1,492.75** | **1,042.83** | **854.42** |
| **Restated profit before tax and exceptional items** | **367.36** | **798.25** | **1,033.56** | **1,104.72** | **992.15** |
| Exceptional items | - | - | 173.28 | - | - |
| **Restated profit before tax and after exceptional item** | **367.36** | **798.25** | **860.28** | **1,104.72** | **992.15** |
| **Tax expense:** | | | | | |
| Current tax | 129.62 | 269.44 | 320.89 | 331.11 | 310.93 |
| Deferred tax (credit)/charge | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) |
| **Total tax expense** | **125.12** | **260.21** | **276.46** | **335.73** | **310.40** |
| **Restated profit for the period/ year** | **242.24** | **538.04** | **583.82** | **768.99** | **681.75** |
| **Attributable to:** | | | | | |
| Equity shareholders of the parent | **242.24** | **538.04** | **583.82** | **768.99** | **681.75** |

**RESTATED CONSOLIDATED FINANCIAL INFORMATION OF CASH FLOWS**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| | **Profit before tax and after exceptional items (as restated)** | **367.36** | **798.25** | **860.28** | **1,104.72** | **992.15** |
| | Adjustment to reconcile profit before tax to net cash flows | | | | | |
| | Exceptional items | - | - | 173.28 | - | - |
| | Depreciation and amortization expense | 113.53 | 202.00 | 108.15 | 44.39 | 21.31 |
| | Interest income | (0.95) | (3.79) | (4.39) | (4.95) | (6.11) |
| | Provision for doubtful debts and advances | 3.36 | 15.14 | 17.21 | 12.73 | 3.47 |
| | Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 |
| | Fixed assets write off | - | 0.08 | 0.12 | 0.22 | 0.20 |
| | (Profit) / loss on sale of fixed assets | - | (0.57) | 0.03 | (0.01) | - |
| | Employee stock compensation expense | 0.82 | 1.28 | 0.10 | - | - |
| | Dividend income | (28.84) | (63.62) | (75.57) | (69.92) | (47.40) |
| | Unrealized foreign exchange (gain)/loss | 0.50 | 1.65 | 0.57 | (0.11) | - |
| | Deposits written off | - | - | - | 0.04 | - |
| | Net gain on sale of investment | (7.35) | (13.73) | (16.92) | (14.82) | (0.04) |
| | **Operating profit before working capital changes** | **448.48** | **939.69** | **1,062.86** | **1,075.88** | **965.98** |
| | Movements in working capital : | | | | | |
| | (Increase)/decrease in trade receivable | 68.73 | 27.15 | (111.10) | (132.51) | (185.70) |
| | (Increase)/decrease in inventories | 9.31 | (16.14) | (39.53) | (16.68) | (6.08) |
| | (Increase)/decrease in short term loans and advances | (28.17) | 7.07 | 3.17 | (28.92) | (6.97) |
| | (Increase)/decrease in long term loans and advances | 0.11 | (0.22) | 0.75 | (0.68) | 0.38 |
| | (Increase)/decrease in other current assets | (38.12) | 0.12 | (1.56) | (0.02) | - |
| | Increase/(decrease) in long term provisions | - | - | - | (3.56) | 2.00 |
| | Increase/(decrease) in short term provisions | 3.40 | 12.41 | 6.02 | 6.29 | 3.76 |
| | Increase/(decrease) in trade payables | (33.61) | 82.86 | 83.31 | 64.95 | (6.71) |
| | Increase/(decrease) in other current liabilities | 9.02 | 16.44 | 9.85 | 11.78 | 8.99 |
| | **Cash generated from operations** | **439.15** | **1,069.38** | **1,013.77** | **976.53** | **775.65** |
| | Direct taxes paid (net of refunds) | (98.03) | (297.33) | (406.75) | (299.92) | (287.07) |
| | **Net cash flow from operating activities (A)** | **341.12** | **772.05** | **607.02** | **676.61** | **488.58** |
| **B** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| | Purchase of tangible and intangible assets (including capital work-in-progress and capital advances) | (250.94) | (660.98) | (772.01) | (332.56) | (85.30) |

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| | Proceeds from sale of tangible and intangible assets | 0.04 | 1.13 | 0.67 | 0.15 | - |
| | Investments in non-current investments | - | (4.15) | - | - | - |
| | Purchase of current investment | (1,035.06) | (167.79) | (3,732.61) | (3,046.70) | (3,743.90) |
| | Sale of current investments | 1,379.00 | 199.21 | 3,829.54 | 2,669.08 | 3,229.62 |
| | Maturity of bank deposits(having original maturity of more than three months) | (0.03) | 39.96 | (0.76) | 8.89 | 22.26 |
| | Interest received | 0.86 | 3.69 | 4.91 | 5.95 | 4.55 |
| | Dividends received | 28.84 | 63.62 | 75.95 | 69.55 | 47.40 |
| | **Net cash generated from / (used in) investing activities (B)** | **122.71** | **(525.31)** | **(594.31)** | **(625.64)** | **(525.37)** |
| **C** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| | Dividend paid on equity shares | (403.06) | (149.55) | (19.08) | (11.45) | - |
| | Tax on equity dividend paid | (82.05) | (25.42) | (3.24) | (1.86) | - |
| | **Net cash (used in) / generated from financing activities (C)** | **(485.11)** | **(174.97)** | **(22.32)** | **(13.31)** | **-** |
| **D** | **Net increase / (decrease) in cash and cash equivalents (A + B + C)** | **(21.28)** | **71.77** | **(9.61)** | **37.66** | **(36.79)** |
| **E** | Effect of exchange differences on cash and cash equivalents held in foreign currency | | **-** | **(0.01)** | **-** | **-** |
| **F** | Cash and cash equivalents at the beginning of the period/ year | **125.05** | **53.28** | **62.90** | **25.24** | **62.03** |
| **G** | **Cash and cash equivalents at the end of the period/ year (D + E + F)** | **103.77** | **125.05** | **53.28** | **62.90** | **25.24** |

| Components of cash and cash equivalents | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Cash on hand | 1.78 | 1.21 | 0.64 | 1.52 | 0.94 |
| Balances with banks: | | | | | |
| -Current accounts | 101.83 | 123.47 | 49.66 | 57.50 | 20.43 |
| -EEFC accounts | 0.16 | 0.37 | 2.98 | 3.88 | 3.87 |
| **Total** | **103.77** | **125.05** | **53.28** | **62.90** | **25.24** |

**RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN THE LAST FIVE FINANCIAL YEARS**

The statutory auditor have indicated emphasis of matter in their auditor's report and certain observations with respect to matters specified in the Companies (Auditor's Report) Order, 2003 (to the extent applicable) and Companies (Auditor's Report) Order, 2015, in the annexure to their report on our audited financial statements as of and for the financial years then ended as provided below. These auditor qualifications do not require any corrective material adjustments in our Restated Summary Statements. We provide below, these auditor qualifications as well as our Company's corrective steps in connection with these remarks:

**Annexure to statutory auditor's report for the Financial Year ended March 31, 2011**

The statutory auditor indicated that the Company has an internal audit system, the scope and coverage of which, in their opinion requires to be enlarged to be commensurate with the size and nature of its business.

The statutory auditor indicated that undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess have generally been regularly deposited with the appropriate authorities except in case of tax deducted at source and VAT where there have been slight delays in a few cases. As informed, the Company did not have any dues towards investor education and protection fund, accordingly the Company did not deposit such dues.

The statutory auditor indicated that according to the information and explanation given to them, undisputed dues in respect of including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues which were outstanding at the year end, for a period of more than six months from the date they became payable, were as follows:

| Nature of dues | Amount (₹ million) | Year to which the amount relates |
|---|---|---|
| Profession tax | 0.05 | From FY 2009-10 |

The statutory auditor had indicated that the Company did not have any dues towards investor education and protection fund, accordingly the Company did not deposit such dues. According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales tax, customs duty, excise duty and cess on account of any dispute, were as follows:

| Name of the statute | Nature of dues | Amount (₹ million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular assessment Dues | 0.68 | FY 2007-08 | Commissioner of Income Tax Appeals -I |

***Management response***

*The Company has considered the above qualifications under CARO, 2003, and has taken the following corrective actions:*

1. *The internal audit process was strengthened by appointing a leading accounting firm to conduct internal audit.*
2. *In respect of delays in payment of statutory dues, our Company conducted appropriate training for the staff responsible for payment of statutory dues and improving the internal processes for tracking and payment of statutory dues.*

**Annexure to statutory auditor's report for the Financial Year ended March 31, 2012**

The statutory auditor indicated that undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues had 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 value added tax. As informed the Company did not have any dues towards investor education and protection fund and customs duty, accordingly the Company did not deposit such dues.

The statutory auditor indicated that, according to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ million) | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular Assessment Dues | 0.68 | March 31, 2008 | Commissioner of Income Tax Appeals – I |
| Income Tax Act, 1961 | Regular Assessment Dues | 1.87 | March 31, 2009 | Commissioner of Income Tax Appeals – I |
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | March 31, 2011 | Superintendent Central Excise P-III |

***Management response***

*The Company has considered the above auditors qualifications under CARO, 2003, and has taken the following corrective action:*

1. *In respect of delays in payment of statutory dues, our Company continued to focus on training at corporate and branch offices for the staff responsible for payment of statutory dues and improving the internal processes for tracking and payment of statutory dues. As some of these dues are paid at branch level, there were some delays in payment of the same. As regards the tax dues unpaid, these were under dispute, and our Company's appeals were pending before competent authorities. Appropriate action would be taken based on the order passed by competent authorities in the appeals filed by the Company.*

**Audit report for the Financial Year ended March 31, 2013**

***Emphasis of matter***

The statutory auditors indicated that the Company had received a demand of VAT in the State of Himachal Pradesh for ₹ 230.63 million and more fully discussed therein and based on matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. The statutory auditor's opinion was not qualified in respect of this matter.

***Management response***

*The Company had received a demand of VAT in the state of Himachal Pradesh, amounting to ₹ 230.63 million. The Company in the subsequent period won its appeal against the said order and demand, in full.*

**Annexure to statutory auditor's report for the Financial Year ended March 31, 2013**

The statutory auditor indicated that, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there had been a slight delay in few cases with respect to tax deducted at source and value added tax. As informed the Company did not have any dues towards investor education and protection fund and customs duty, accordingly the Company did not deposit such dues.

The statutory auditor had indicated that, according to the records of the Company, the dues outstanding of income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty, cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in million) | Amount paid under protest (₹) | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | - | March 31, 2011 | Superintendent Central Excise P-III |
| HP VAT Act, 2005 | VAT recovery along with interest u/s 19 | 230.63 | 2.50 | March 31, 2013 | Additional Excise and Taxation Commissioner (S- |

| Name of the statute | Nature of dues | Amount (₹ in million) | Amount paid under protest (₹) | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| | and penalty u/s 16 | | | | Z) Cum Appellate Authority, Shimla |

***Management response***

*The Company has taken account of the auditor's qualifications under CARO, 2003, and appropriate actions have been taken as follows:*

1. *In respect of delays in payment of statutory dues, our Company continued to focus on training at corporate and branch offices for payment of statutory dues and improving the internal processes for tracking and payment of statutory dues. As some of these dues are paid at branch level, there were some delays in payment of the same.*
2. *As regards the tax dues unpaid, these were under dispute, and our Company's appeals were pending before competent authorities. Appropriate action would be taken based on the order passed by competent authorities in the appeals filed by the Company.*

**Annexure to statutory auditor's report for the Financial Year ended March 31, 2014**

In the opinion of the statutory auditor and according to the information and explanation given to the statutory auditors and having regard to the explanation that purchase of items of inventories and fixed assets of proprietary and specialised nature, for which alternative sources were not available to obtain comparable quotations, the internal control system over timely update of customer and vendor records in the system, as well as obtaining customer purchase orders and delivery acknowledgements with respect to sale of inventory items was required to be further strengthened. In the opinion of the statutory auditor, this is a continuing failure to correct major weakness in the internal control system. Subsequent to the year end, the management had taken adequate steps to strengthen the internal controls and was in the process of further updating the customer and vendor records and strengthening the process of customer purchase orders and delivery acknowledgements with respect to sale of inventory items. However, in the opinion of the statutory auditor and according to the information and explanations, given to the statutory auditor, there was adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets.

The statutory auditor indicated that undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues had generally been regularly deposited with the appropriate authorities though there had been a slight delay in few cases with respect to tax deducted at source. As informed, the Company did not have any dues towards investor education and protection fund during the year.

The statutory auditor indicated that, according to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of dispute, are as follows:

| Nature of statute | Nature of dues | Amount (₹ in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax on account of Valuation of closing stock | 1.75* | FY 2009-10 | Commissioner of Appeal |

**Net of amount paid under protest ₹ 1.75 million*

The statutory auditor indicated that they had been informed by the management that during the year under audit the Company noted that an employee of the Company had abused his position of responsibility and had committed a fraud on the Company by approving sales invoices with differential pricing terms amounting to ₹ 11.43 million in violation of the policies of the Company in respect of sales made to certain companies. The statutory auditor further reported that trade receivables amounting to ₹ 18.37 million with respect to such companies were outstanding as at the year end which was fully provided for. On internal investigation by the Company, the concerned employee was dismissed and appropriate legal action had been initiated by the management.

***Management response***

*The Company has taken account of the auditor's emphasis of matter and qualifications under CARO, 2003, and appropriate actions have been taken as follows:*

1. *The auditors have opined that the internal controls relating to purchase orders and delivery acknowledgements needs to be strengthened. Subsequent to this, the Company has strengthened these processes, by*
    a. *conducting educational training to its employees relating to internal control, statutory payments and record-keeping, at the corporate and branch levels;*
    b. *increasing the scope of review of branches and logistics operations in the internal audit programme;*
    c. *review by senior management on a regular basis; and*
    d. *additional cross-checking by inter-branch or third party personnel covering revenue initiation and customer validation, to address potential misuse of authority*

*As regards the tax dues unpaid, these were under dispute, and our Company's appeals were pending before competent authorities. Appropriate action would be taken based on the order passed by competent authorities in the appeals filed by the Company.*

**Statutory Auditor's report for the Financial Year ended March 31, 2015**

***Emphasis of matter***

The Statutory auditors indicated that the Company has received a show cause cum demand order of service tax under the provision of Finance Act, 1994 for ₹ 627.31 million 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. Our opinion is not qualified in respect of this matter.

**Annexure to Statutory Auditor's report for the Financial Year ended March 31, 2015**

The Statutory Auditor indicated that undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, 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.

The Statutory Auditor indicated that, according to the records of the Company, the dues outstanding of income-tax, wealth-tax, service-tax, sales-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, are as follows:

| Name of the Statute | Nature of dues | Amount (₹ in million) | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax on account of valuation of closing stock | 1.75 (net of 1.75 paid under protest) | FY 2009 - 10 | Commissioner of Appeal |
| Finance Act, 1994 | Service tax on supply of licences to end customers* | 627.31 | March 1, 2011 to March 31, 2014 | Additional Director General (Adjudication), New Delhi |
| Kerala Value Added Tax Act, 2003 | Value added tax on stock transfer | 0.11 (net of 0.05 paid under protest) | FY 2012 - 13 | Deputy Commissioner of Appeals (Commercial Tax), Kochi |

**Excludes interest and penalty (if any) thereon*

***Management response***

*The Company has taken account of the auditor's qualifications under CARO, 2015, and appropriate actions have been taken as follows:*

1. *The Company has received the aforementioned show cause notice, during the year. The Company has filed its reply denying the liability to pay service tax.*
2. *As regards the tax dues unpaid, these were under dispute, and our Company's appeals were pending before competent authorities. Appropriate action would be taken based on the order passed by competent authorities in the appeals filed by the Company.*

**Statutory Auditor's report for the period ended September 30, 2015**

***Emphasis of matter***

The Statutory auditors indicated that the Company has received a show cause cum demand order of service tax under the provision of Finance Act, 1994 for ₹ 627.31 million 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. Our opinion is not qualified in respect of this matter.

***Management response***

*The Company has received the aforementioned show cause notice, during the previous year. The Company has filed its reply denying the liability to pay service tax.*

## THE OFFER

The following table summarizes the Offer details:

| | |
|---|---|
| Offer | 14,057,719^ Equity Shares aggregating to ₹ 4,512.53 million |
| *Of which* | |
| (i) Fresh Issue* | 7,788,161^ Equity Shares aggregating to ₹ 2,500.00 million |
| (ii) Offer for Sale by** | 6,269,558 Equity Shares aggregating to ₹ 2,012.53 million |
| (a) Kailash Sahebrao Katkar | 1,840,000 Equity Shares aggregating to ₹ 590.64 million |
| (b) Sanjay Sahebrao Katkar | 1,840,000 Equity Shares aggregating to ₹ 590.64 million |
| (c) Sequoia Capital India Investments III | 2,501,984 Equity Shares aggregating to ₹ 803.14 million |
| (d) Sequoia Capital India Investment Holdings III | 87,574 Equity Shares aggregating to ₹ 28.11 million |
| *Of which* | |
| Employee Reservation Portion | 155,763 Equity Shares aggregating to ₹ 50.00 million |
| Net Offer | 13,901,956^ Equity Shares aggregating up to ₹ 4,462.53 million |
| *Of which* | |
| A) QIB Portion(1)(2) | 6,950,977^ Equity Shares |
| *Of which* | |
| Anchor Investor Portion | 4,170,586 Equity Shares |
| Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | 2,780,391^ Equity Shares |
| *Of which:* | |
| Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion)) | 139,020^ Equity Shares |
| Balance of QIB Portion for all QIBs including Mutual Funds | 2,641,371^ Equity Shares |
| B) Non-Institutional Portion(2) | 2,085,294^ Equity Shares |
| C) Retail Portion(2) | 4,865,685^ Equity Shares |
| **Pre and post Offer Equity Shares(3)** | |
| Equity Shares outstanding prior to the Offer | 62,241,867^ Equity Shares |
| Equity Shares outstanding after the Offer | 70,030,028^ Equity Shares |
| **Use of Offer Proceeds by our Company** | See "*Objects of the Offer*" on page 104 for information about the use of the proceeds from the Offer. Our Company will not receive any proceeds from the Offer for Sale. |

Allocation to investors in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis.

* *The Fresh Issue has been authorized by a resolution of the Board of Directors dated September 24, 2015 and by a resolution of the Shareholders dated September 24, 2015.*

****** *The Equity Shares being offered by the Selling Shareholders in the Offer have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer. Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar had each offered up to 2,000,000 Equity Shares for Offer for Sale pursuant to their letters dated September 24, 2015. Subsequently, by letters dated January 24, 2016, Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar have revised the number of Equity Shares being offered by them in the Offer for Sale to up to 1,840,000 Equity Shares each. Sequoia Capital India Investments III is offering up to 2,501,984 Equity Shares for Offer for Sale pursuant to the resolution by its board of directors dated September 25, 2015. Sequoia Capital India Investment Holdings III had offered up to 312,752 Equity Shares for Offer for Sale pursuant to the resolution by its board of directors dated September 25, 2015. Subsequently, pursuant to the resolution by its board of directors dated January 25, 2016, Sequoia Capital India Investment Holdings III has revised the number of Equity Shares being offered by it in the Offer for Sale to up to 87,574 Equity Shares.*

^ *Subject to finalization of basis of allotment*

*(1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor*

*Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For further details, see "Offer Procedure" on page 366.*

*(2) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB category would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to be met with spill over from the Employee Reservation Portion, subject to compliance with Rule 19(2)(b) of the SCRR. Further, a Bidder Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.*

For details including in relation to grounds for rejection of Bids, see "*Offer Procedure- Grounds for Technical Rejections*" on page 401. For details of the terms of the Offer, see "*Terms of the Offer*" on page 357.

## GENERAL INFORMATION

Our Company was incorporated as CAT Computer Services Private Limited on August 7, 1995, at Pune, Maharashtra as a private limited company under the Companies Act, 1956. The name of our Company was changed from CAT Computer Services Private Limited to Quick Heal Technologies Private Limited and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Pune, Maharashtra on August 7, 2007. Thereafter, our Company was converted into a public limited company pursuant to approval of the shareholders in an extraordinary general meeting held on August 28, 2015 and consequently, the name of our Company was changed to Quick Heal Technologies Limited and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Pune, Maharashtra on September 8, 2015. For details of changes in the name and the registered office of our Company, see "*History and Certain Corporate Matters*" on page 159.

**Registered and Corporate Office of our Company**

Quick Heal Technologies Limited
Marvel Edge
Office No. 7010 C & D
7th Floor, Opposite Neco Garden Society
Viman Nagar
Pune 411 014, India
Tel: (91 20) 6681 3232
CIN: U72200MH1995PLC091408
Email: cs@quickheal.com
Website: www.quickheal.com

**Address of the RoC**

Our Company is registered with the Registrar of Companies, Pune, situated at the following address:

**Registrar of Companies, Pune**
PMT Building, Pune Stock Exchange
3rd Floor, Deccan Gymkhana
Pune 411 004, India

**Board of Directors**

The Board of our Company comprises the following:

| Name | Designation | DIN | Address |
|---|---|---|---|
| Kailash Sahebrao Katkar | Managing Director | 00397191 | B 101, Omkar Puru Housing Society, Airport Road, Pune 411 032, India |
| Sanjay Sahebrao Katkar | Managing Director | 00397277 | SA 11, Siddeshwar Nagar, Tingrenagar Road, Vishrantwadi, Pune 411 015, India |
| Abhijit Shantaram Jorvekar | Executive Director | 05199551 | 18/275, Lokmanya Nagar, Sadashiv Peth, Pune 411 277, Maharashtra |
| Shailesh Lakhani | Non-executive Director | 03567739 | 5685, Brightpool Cr, Mississauga, Ontario, L5M3W4, Canada |
| Mehul Mulchand Savla | Independent Director | 02137699 | 1002, Salvation Apartments, N. M. Kale Marg, Dadar (West), Mumbai 400 028, India |
| Apurva Pradeep Joshi | Independent Director | 06608172 | S-8/9, Rajnigandha Apartment, Modikhana, Solapur 413 001, India |
| Sunil Sethy | Independent Director | 00244104 | 601/33, Heritage City, Gurgaon 122 002, India |
| Pradeep Vasudeo Bhide | Independent Director | 03304262 | D-1/48, First Floor, Vasant Vihar, New Delhi 110 057, India |

For further details of the Directors, see "*Management*" on page 169.

**Company Secretary and Compliance Officer**

**Vijay B. Shirode**
Quick Heal Technologies Limited
Marvel Edge
Office No.7010 C & D
7th Floor, Opposite Neco Garden Society
Viman Nagar
Pune 411 014, India
Tel: (91 20) 6681 3232
E-mail: cs@quickheal.co.in
Website: www. quickheal.com

**Chief Financial Officer**

**Rajesh Ghonasgi**
Quick Heal Technologies Limited
Marvel Edge
Office No.7010 C & D
7th Floor, Opposite Neco Garden Society
Viman Nagar
Pune 411 014, India
Tel: (91 20) 6681 3232
E-mail: cfo@quickheal.co.in
Website: www.quickheal.com

All grievances may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, or the Collecting DP if the Bid was submitted to a Collecting DP at any of the Designated CDP Locations or the Collecting RTA if the Bid was submitted to a Collecting RTA at any of the Designated RTA Locations as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum- Application Form, name and address of the member of the Syndicate or the Designated Branch, the Registered Broker, Collecting DP or the Collecting RTA as the case may be, where the Bid was submitted, and the ASBA Account number in which the amount equivalent to the Bid Amount was blocked. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

**Book Running Lead Managers**

**ICICI Securities Limited**
ICICI Center, H.T. Parekh Marg
Churchgate, Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail:
quickheal.ipo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact person: Vishal Kanjani
SEBI registration number:
INM000011179

**Jefferies India Private Limited**
42/43, 2 North Avenue, Maker Maxity,
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Tel: (91 22) 4356 6000
Fax: (91 22) 6645 9319
E-mail: quickheal.ipo@Jefferies.com
Investor Grievance E-mail:
India.investor.grievance@Jefferies.com
Website: www.jefferies.com
Contact person: Ranjan Prabhu
SEBI registration number:
INM000011443

**J. P. Morgan India Private Limited**
J.P. Morgan Tower, Off. C.S.T. Road
Kalina, Santacruz (East)
Mumbai 400 098
Tel: (91 22) 6157 3000
Fax: (91 22) 6157 3911
E-mail:quickheal_ipo@jpmorgan.com
Investor Grievance E-
mail:investorsmb.jpmipl@jpmorgan.com
Website:www.jpmipl.com
Contact person: Prateeksha Runwal
SEBI registration number:
INM000002970

**Syndicate Members**

Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, the BRLMs.

**Legal Counsel to our Company as to Indian law**

**Khaitan & Co.**
One Indiabulls Centre
13th Floor, Tower 1
841, Senapati Bapat Marg
Elphinstone Road
Mumbai 400 013, India
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

Simal, 2nd Floor
7/1 Ulsoor Road
Bengaluru 560 042, India
Tel: (91 80) 4339 7000
Fax: (91 80) 2559 7452

**Legal Counsel to the BRLMs as to Indian law**

**Luthra & Luthra Law Offices**
Indiabulls Finance Center Tower
2 Unit A2, 20th Floor
Elphinstone Road
Senapati Bapat Marg
Mumbai 400 013, India
Tel: (91 22) 4354 7000
Fax: (91 22) 6630 3700

**International Legal Counsel to the BRLMs**

**Sidley Austin LLP**
Level 31, Six Battery Road
Singapore 049909
Tel: (65) 6230 3900
Fax: (65) 6230 3939

**Legal Counsel to Investor Selling Shareholders**

**Cyril Amarchand Mangaldas**
201, Midford House, Midford Garden
Off M.G. Road
Bengaluru 560 001
Karnataka, India
Tel: (91 80) 2558 4870
Fax: (91 80) 2558 4266

**Statutory Auditors to our Company**

**S R B C & CO LLP**
C-401, 4th floor
Panchshil Tech Park
Yerwada
Pune 411 006, India
Tel: (91 20) 6603 6000
Fax: (91 20) 6603 5900
E-mail: srbc.co@in.ey.com
Firm registration number: 324982E

**Monitoring Agency**

**Axis Bank Limited**
2nd Floor, Axis House
Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025, India
Tel: (91 22) 2425 5216/ 5215
Fax: (91 22) 4325 3000

Email: rajesh.laxman@axisbank.com
Contact Person: Mr. Rajesh Laxman

**Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Statutory Auditors on the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, each dated January 19, 2016 and the statement of tax benefits dated January 19, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

**Registrar to the Offer**

**Link Intime India Private Limited**
C-13, Pannalal Silk Mills Compound
L.B.S. Marg Bhandup (West)
Mumbai 400 078, India
Tel: (91 22) 6171 5400
Fax: (91 22) 2596 0329
E-mail: qhtl.ipo@linkintime.co.in
Investor Grievance E-mail: qhtl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI registration number: INR000004058

**Bankers to the Offer**

**ICICI Bank Limited**
Capital Markets Division
1st Floor, 122, Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020, India
Tel: (91 22) 2285 9907/ 22/ 24
Fax: (91 22) 2261 1138
Website: www.icicibank.com
E-mail: rishav.bagrecha@icicibank.com
Contact person: Rishav Bargrecha

**Axis Bank Limited**
Sterling Plaza
1262/B, J.M. Road Deccan Gymkhana
Pune 411 004, India
Tel: (91 20) 6629 5102
Fax: (91 20) 6629 5150/ 52
Website: www.axisbank.com
E-mail: pune.operationshead@axisbank.com
Contact person: Operations Head

**Anchor Escrow Collection Bank**

**Axis Bank Limited**
Sterling Plaza
1262/B, J.M. Road Deccan Gymkhana
Pune 411 004, India
Tel: (91 20) 6629 5102

Fax: (91 20) 6629 5150/ 52
Website: www.axisbank.com
E-mail: pune.operationshead@axisbank.com
Contact person: Operations Head

**Refund Bank**

**Axis Bank Limited**
Sterling Plaza
1262/B, J.M. Road Deccan Gymkhana
Pune 411 004, India
Tel: (91 20) 6629 5102
Fax: (91 20) 6629 5150/ 52
Website: www.axisbank.com
E-mail: pune.operationshead@axisbank.com
Contact person: Operations Head

**Public Offer Account Bank**

**ICICI Bank Limited**
Capital Markets Division
1st Floor, 122, Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020, India
Tel: (91 22) 2285 9907/ 22/ 24
Fax: (91 22) 2261 1138
Website: www.icicibank.com
E-mail: rishav.bagrecha@icicibank.com
Contact person: Rishav Bargrecha

**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in. For details of the Designated Branches of the SCSBs which shall collect Bid cum Application Forms, please refer to the above-mentioned link.

**Syndicate SCSB Branches**

In relation to Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is currently available on the website of the Securities and Exchange Board of India (http://www.sebi.gov.in), as updated from time to time. For further details, see "*Offer Procedure*" at page 366.

**Bankers to our Company**

**Citibank N.A.**
Onyx Tower
North Main Road
Pune 411 001
Tel: (91 20) 6606 4453
E-mail:
mandar.abhyankar@citi.com
Website: www.citibank.com

**HDFC Bank Limited**
Lodha I Think Techno Campus
0-3 level (next to Kanjurmarg Railway Station)
Kanjurmarg (East)
Mumbai 400 042
Tel: +91 22 3075 2927/ 3075 2914/ 3075 2928
E-mail:
uday.dixit@hdfcbank.com/
siddharth.jadhav@hdfcbank.com
Website: www.hdfcbank.com

**ICICI Bank Limited**
Plot No. 23, Goodwill House
Near Ratna Hospital
Senapati Bapat Road
Pune 411 016
Tel: (91 20) 6560 2118
E-mail: ankit.m@icicibank.com
Website: www.icicibank.com

**State Bank Of India**
Industrial Finance Branch
Tara Chambers
Pune Mumbai Road, Wakdewadi
Pune 411 003
Tel: (91 20) 2561 8211
E-mail: sa.08966@sbi.co.in
Website: www.sbi.co.in

**Yes Bank Limited**
Nehru Centre
9th Floor, Discovery of India
Dr. A.B. Road, Worli
Mumbai 400 018
Tel: (91 20) 3014 9000
E-mail: yestouch@yesbank.in
Website: www.yesbank.in

**Bank of India**
Mayfair Tower
Mumbai Pune Road
Wakdewadi, Shivajinagar
Pune 411 003
Tel: (91 20) 2551 1352
Fax: +91 22 2596 0329
E-mail: shivajinagar.pune@bankofindia.co.in
Website: www.bankofindia.com

**Monitoring Agency**

Our Company has appointed Axis Bank Limited as monitoring agency to monitor utilisation of Net Proceeds. For details on utilisation of Net Proceeds, see "Objects of the Offer" on page 104.

As required under the Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Offer. We will disclose the utilization of the proceeds of the Offer under a separate head along with details, if any in relation to all such proceeds of the Offer that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Offer in our balance sheet for the relevant Financial Years.

**Responsibilities of the BRLMs**

The following table sets forth the inter-se allocation of responsibilities of various activities among the BRLMs in this Offer:

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of Offer, allocation between primary and secondary, etc. | ICICI Securities, Jefferies, JP Morgan | ICICI Securities |
| 2. | Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities | ICICI Securities, Jefferies, JP Morgan | ICICI Securities |
| 3. | Drafting and approval of statutory advertisement and application forms | ICICI Securities, Jefferies, JP Morgan | ICICI Securities |
| 4. | Drafting and approval of other publicity material including non-statutory advertisement, corporate advertisement, brochure, etc. | ICICI Securities, Jefferies, JP Morgan | ICICI Securities |
| 5. | Appointment of all other intermediaries (e.g. Registrar(s), printer(s) and Banker(s) to the Offer, advertising agency etc.) | ICICI Securities, Jefferies, JP Morgan | JP Morgan |
| 6. | International institutional marketing; allocation of investors for meetings and finalizing road show schedules | ICICI Securities, Jefferies, JP Morgan | JP Morgan |
| 7. | Preparation and finalization of the road-show presentation and frequently asked questions (FAQs) | ICICI Securities, Jefferies, JP Morgan | Jefferies |
| 8. | Domestic institutional marketing (including banks/ mutual funds); allocation of investors for meetings and finalizing road show schedules | ICICI Securities, Jefferies, JP Morgan | Jefferies |

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 9. | Non-institutional and retail marketing of the Offer, which will cover, inter alia,<br>• Formulating marketing strategies, preparation of publicity budget<br>• Finalizing media and public relations strategy<br>• Finalizing centres for holding conferences for brokers etc.<br>• Finalising collection centres; and<br>• Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material | ICICI Securities, Jefferies, JP Morgan | ICICI Securities |
| 10. | Pricing and managing the book | ICICI Securities, Jefferies, JP Morgan | Jefferies |
| 11. | Coordination with Stock Exchanges for:<br>• book building software, bidding terminals etc.<br>• payment of 1% security deposit through cash and bank guarantee | ICICI Securities, Jefferies, JP Morgan | Jefferies |
| 12. | Post-Offer activities, which shall involve essential follow-up steps including follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as Registrars to the Offer, Bankers to the Offer, SCSBs etc. including responsibility for underwriting arrangements, as applicable.<br>The designated coordinating BRLM shall also be responsible for coordinating the redressal of investor grievances in relation to post-Offer activities and coordinating with Stock Exchanges and SEBI for release of 1% security deposit post closure of the Offer. | ICICI Securities, Jefferies, JP Morgan | JP Morgan |
| 13. | Payment of the applicable securities transaction tax ("**STT**") on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale included in the Offer to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004 | ICICI Securities, Jefferies, JP Morgan | JP Morgan |

**Credit Rating**

As this is an Offer of Equity Shares, there is no credit rating for this Offer.

**IPO Grading**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

**Trustees**

As this is an offer of Equity Shares, the appointment of trustees is not required.

**Appraising Entity**

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised.

**Registered Brokers**

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit Bid cum Application Forms using the stock broker network of the Stock Exchanges, i.e., through Registered Brokers at the Broker Centres.

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com and http://www.nseindia.com, respectively.

**Collecting DPs**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting DPs who are depository participants registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of the Collecting DPs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com and http://www.nseindia.com, respectively.

**Collecting RTAs**

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of Collecting RTAs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com and http://www.nseindia.com, respectively.

**Book Building Process**

In terms of Rule 19(2)(b)(ii) of the SCRR, this Offer is being made for at least such percentage of the post-Offer paid-up Equity Share capital of our Company which will be equivalent to ₹ 4,000.00 million calculated at the Offer Price. The book building, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which has been decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised at least five Working Days prior to the Bid/ Offer Opening Date. The Offer Price is finalised after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Members ;
- the SCSBs;
- the Registrar to the Offer;
- the Registered Brokers;
- the Collecting DPs;
- the Collecting RTAs; and
- the Anchor Escrow Collection Bank.

In terms of the SEBI ICDR Regulations, the Offer is being made through the Book Building Process, wherein 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, of which 5% (excluding Anchor Investor Portion) shall be reserved for allocation on a proportionate basis to Mutual Funds only. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis (except to

Anchor Investors), subject to valid Bids at or above Offer Price. Up to 60% of the QIB Portion shall be available for allocation to Anchor Investors on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100.00 million. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. Further, 155,763 Equity Shares aggregating up to ₹ 50.00 million shall be made available for allocation on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above Offer Price. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB category would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.

Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, subject to valid Bids being received at or above the Offer Price.

**All Bidders (excluding Anchor Investors) can participate in the Offer only through the ASBA process Anchor Investors are not permitted to participate through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders, Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids until Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. For further details, see "*Offer Procedure*" on page** 366**.**

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Offer. Each of the Selling Shareholders severally confirms that it/they will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI, as applicable to such Selling Shareholders in relation to the Equity Shares offered by the Selling Shareholders under the Offer for Sale. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage the Offer and procure subscriptions for the Offer.

**The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Offer.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20.00 to ₹ 24.00 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24.00 | 500 | 16.67% |
| 1,000 | 23.00 | 1,500 | 50.00% |
| 1,500 | 22.00 | 3,000 | 100.00% |
| 2,000 | 21.00 | 5,000 | 166.67% |
| 2,500 | 20.00 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, *i.e.*, ₹ 22.00 in the above example. The issuer, in consultation with the book running lead manager(s), will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (see "*Offer Procedure – Who Can Bid?*" on page 367);

2. Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market; and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction Except as mentioned above, Applications in which the PAN is not mentioned will be rejected;

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form;

5. All Bids (except in case of Anchor Investors) shall be submitted only through the ASBA process; and

6. Ensure the correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation given in the Bid cum Application Form, with the details recorded with your Depository Participant;

7. Ensure the correctness of your PAN, DP ID and beneficiary account number given in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain details of the Bidders from the Depositories including the Bidder's name, bank account number etc.

8. Bidders can submit their Bids either by submitting Bid cum Application Forms to (i) the Syndicate, the Registered Brokers, the Collecting DPs or the Collecting RTA at their respective Bidding Centres or (ii) the SCSBs with whom the ASBA Account is maintained. For further details see "*Offer Procedure*" on page 373. Bidders should ensure that the specified bank accounts have adequate credit balance at the time of submission of the Bid cum Application Form to the Syndicate, the Registered Brokers, SCSBs, Collecting DPs or Collecting RTAs to ensure that their Bid is not rejected.

For further details, see "*Offer Procedure*" on page 366.

**Underwriting Agreement**

Our Company and the Selling Shareholders entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated February 13, 2016. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

| Name and Address of the Underwriters along with the telephone number, fax number and e-mail address of the Underwriter | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|---|
| ICICI Securities Limited<br>Tel: (91 22) 2288 2460<br>Fax: (91 22) 2282 6580<br>E-mail: quickheal.ipo@icicisecurities.com | 2,316,993 | 743.75 |
| Jefferies India Private Limited<br>Tel: (91 22) 4356 6000<br>Fax: (91 22) 6645 9319<br>E-mail:quickheal.ipo@Jefferies.com | 2,316,993 | 743.75 |

| Name and Address of the Underwriters along with the telephone number, fax number and e-mail address of the Underwriter | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|---|
| J. P. Morgan India Private Limited<br>Tel: (91 22) 6157 3000<br>Fax: (91 22) 6157 3911<br>E-mail:quickheal_ipo@jpmorgan.com | 2,316,993 | 743.75 |

*The above-mentioned amount is indicative and will be finalised after finalization of the 'Basis of Allotment'.*

In the opinion of the Board of Directors (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors / Committee of Directors, at its meeting held on February 13, 2016, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the Equity Shares to the extent of the defaulted amount.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the Bidders in this Offer, except for Bids procured by the Syndicate Member(s). The underwriting agreement shall list out the role and obligations of each Syndicate Member.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after this Prospectus is filed with the RoC.

## CAPITAL STRUCTURE

The share capital of our Company as of the date of this Prospectus, before the Offer and after the Offer, is set forth below:

*(in ₹ except share data)*

| Sr. No. | Particulars | Aggregate value at nominal value | Aggregate value at Offer Price |
|---|---|---|---|
| **A** | **Authorised share capital** | | |
| | 75,000,000 Equity Shares | 750,000,000 | - |
| **B** | **Issued, subscribed and paid up capital before the Offer** | | |
| | 62,241,867 Equity Shares | 622,418,670 | - |
| **C** | **Present Offer in terms of the Red Herring Prospectus** | | |
| | Up to 14,057,719^ Equity Shares | 140,577,190 | 4,512,527,799 |
| | which consists of | | |
| | Fresh Issue* of up to 7,788,161^ Equity Shares | 77,881,610 | 2,499,999,681 |
| | Offer for Sale** of up to 6,269,558 Equity Shares | 62,695,580 | 2,012,528,118 |
| | *of which* | | |
| | Employee Reservation Portion of up to 155,763 Equity Shares aggregating up to ₹ 50.00 million | 1,557,630 | 49,999,923 |
| **D** | **Net Offer to the public of up to 13,901,956^ Equity Shares** | 139,019,560 | 4,462,527,876 |
| **E** | **Issued, subscribed and paid up Equity Share capital after the Offer** | | |
| | 70,030,028^ Equity Shares | 700,300,280 | 22,479,638,988 |
| **F** | **Share premium account** | | |
| | Before the Offer | | 40,648,182.50 |
| | After the Offer | | 2,462,766,253.50 |

^ *Subject to finalization of basis of allotment*

* *The Fresh Issue has been authorized by a resolution of the Board of Directors dated September 24, 2015 and by a resolution of the Shareholders dated September 24, 2015.*

** *The Equity Shares being offered by the Selling Shareholders in the Offer have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer. Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar had each offered up to 2,000,000 Equity Shares for Offer for Sale pursuant to their letters dated September 24, 2015. Subsequently, by letters dated January 24, 2016, Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar have revised the number of Equity Shares being offered by them in the Offer for Sale to up to 1,840,000 Equity Shares each. Sequoia Capital India Investments III is offering up to 2,501,984 Equity Shares for Offer for Sale pursuant to the resolution by its board of directors dated September 25, 2015. Sequoia Capital India Investment Holdings III had offered up to 312,752 Equity Shares for Offer for Sale pursuant to the resolution by its board of directors dated September 25, 2015. Subsequently, pursuant to the resolution by its board of directors dated January 25, 2016, Sequoia Capital India Investment Holdings III has revised the number of Equity Shares being offered by it in the Offer for Sale to up to 87,574 Equity Shares.*

### Changes in the authorised share capital of our Company

(i) The initial authorised share capital of ₹ 500,000 divided into 50,000 Equity Shares was increased to ₹ 2,500,000 divided into 250,000 Equity Shares pursuant to a resolution passed by the Shareholders on March 13, 2000.

(ii) The authorised share capital of ₹ 2,500,000 divided into 250,000 Equity Shares was increased to ₹ 20,000,000 divided into 2,000,000 Equity Shares pursuant to a resolution passed by the Shareholders on September 27, 2005.

(iii) The authorised share capital of ₹ 20,000,000 divided into 2,000,000 Equity Shares was increased to ₹ 50,000,000 divided into 5,000,000 Equity Shares pursuant to a resolution passed by the Shareholders on March 2, 2007.

(iv) The authorised share capital of ₹ 50,000,000 divided into 5,000,000 Equity Shares was increased to ₹ 200,000,000 divided into 20,000,000 Equity Shares pursuant to a resolution passed by the Shareholders on December 26, 2007.

(v) The authorised share capital of ₹ 200,000,000 divided into 20,000,000 Equity Shares was reclassified into 17,500,000 Equity Shares and 2,500,000 Class 'A' Equity Shares pursuant to a resolution passed by the Shareholders on July 29, 2010.

(vi) The authorised share capital of ₹ 200,000,000 divided into 17,500,000 Equity Shares and 2,500,000 Class 'A' Equity Shares was increased to ₹ 200,500,000 divided into 17,550,000 Equity Shares and 2,500,000 Class 'A' Equity Shares pursuant to the amalgamation of our Company with Cat Labs Private Limited with effect from May 2, 2011.

(vii) The authorised share capital of ₹ 200,500,000 divided into 17,550,000 Equity Shares and 2,500,000 Class 'A' Equity Shares was reclassified into 20,050,000 Equity Shares pursuant to a resolution passed by the Shareholders on February 26, 2014.

(viii) The authorised share capital of ₹ 200,500,000 divided into 20,050,000 Equity Shares was increased to ₹ 750,000,000 divided into 75,000,000 Equity Shares pursuant to a resolution passed by the Shareholders on February 26, 2014.

**Notes to Capital Structure**

1. **Equity share capital history of our Company**

(a) The history of the equity share capital of our Company is provided in the following table:

| Date of allotment of Equity Shares | No. of Equity Shares allotted | Face value (₹) | Issue price (₹) | Nature of consideration | Cumulative number of shares | Cumulative paid up capital (₹) | Cumulative share premium (₹) |
|---|---|---|---|---|---|---|---|
| March 31, 1996[2] | 200 | 10 | 10 | Cash | 200 | 2,000 | - |
| March 31, 1997[3] | 33,000 | 10 | 10 | Cash | 33,200 | 332,000 | - |
| March 31, 1998[4] | 16,800 | 10 | 10 | Cash | 50,000 | 500,000 | - |
| February 23, 2004[5] | 20,025 | 10 | 10 | Cash | 70,025 | 700,250 | - |
| February 25, 2004[6] | 9,975 | 10 | 10 | Cash | 80,000 | 800,000 | - |
| March 31, 2005[7] | 160,000 | 10 | - | - | 240,000 | 2,400,000 | - |
| March 31, 2005[8] | 10,000 | 10 | 10 | Cash | 250,000 | 2,500,000 | - |
| March 6, 2006[9] | 750,000 | 10 | - | - | 1,000,000 | 10,000,000 | - |
| March 13, 2007[10] | 3,000,000 | 10 | - | - | 4,000,000 | 40,000,000 | - |
| March 31, 2008[11] | 3,000,000 | 10 | - | - | 7,000,000 | 70,000,000 | - |
| January 29, 2009[12] | 140,000 | 10 | 10 | Cash | 7,140,000 | 71,400,000 | - |
| August 11, 2010[13] | 436,394[1] | 10 | 768.67 | Cash | 7,576,394 | 75,763,940 | 331,079,036 |
| September 8, 2010[14] | 13,000 | 10 | 768.67 | Cash | 7,589,394 | 75,893,940 | 340,941,745 |
| January 17, 2011[15] | 32,729[1] | 10 | 768.67 | Cash | 7,622,123 | 76,221,230 | 365,772,255 |
| May 25, 2011[16] | 11,588 | 10 | - | Consideration other than cash | 7,633,711 | 76,337,110 | 365,772,255 |
| February 26, 2014[17] | 53,435,977 | 10 | - | - | 61,069,688 | 610,696,880 | - |
| December 23 2015[18] | 1,051,203 | 10 | 37.50 | Cash | 62,120,891 | 621,208,910 | 28,908,082.50 |
| December 23 2015[19] | 26,000 | 10 | 96.25 | Cash | 62,146,891 | 621,468,910 | 31,150,582.50 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| December 23 2015[20] | 92,888 | 10 | 110 | Cash | 62,239,779 | 622,397,790 | 40,439,382.50 |
| December 28, 2015[21] | 2,088 | 10 | 110 | Cash | 62,241,867 | 622,418,670 | 40,648,182.50 |

*(1) Class 'A' Equity Shares of the Company which had preferential distribution on winding up of the Company. 2,500,000 Equity Shares of the Company were re-classified as Class 'A' Equity Shares pursuant to resolutions passed by the Board and Shareholders on July 7, 2010 and July 29, 2010, respectively. Subsequently, 2,500,000 Class 'A' Equity Shares were reclassified as Equity Shares pursuant to resolutions passed by the Board and Shareholders on February 6, 2014 and February 26, 2014, respectively.*

*(2) Allotted to Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar*

*(3) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sunil Shilimkar and Mahesh Thipse*

*(4) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Sunil Shilimkar and Mahesh Thipse*

*(5) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar*

*(6) Allotted to Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar*

*(7) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar*

*(8) Allotted to Sahebrao Katkar and Narmada Katkar*

*(9) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar*

*(10) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar*

*(11) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar*

*(12) Allotted to Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar*

*(13) Allotted to Sequoia Capital India Investment Holdings III*

*(14) Allotted to Ripplewave*

*(15) Allotted to Sequoia Capital India Investment Holdings III*

*(16) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar*

*(17) Allotted to Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Ripplewave, Sequoia Capital India Investments III and Sequoia Capital India Investment Holdings III*

(18) *Allotted to Abhijit Jorvekar, Adsul Jitendra, Anoop Bhat, Arjun Singh, Amol Baitule, Shailesh Banchhod, Amit Bhattacharjee, Harshad Bhujbal, Sushant Dashputre, Paras Dixit, Sanjay Ranchhodbhai Patel, Praksh Jagdale, P. J. Jobin, Yogesh Jogdand, Rahul Joshi, K. Sushilkumar, Nitin Kohade, Sandeep Kothari, Abhijit Kulkarni, Sudesh Kuveskar, Manoj Mahajan, Bajrang Mane, Ranjeet Menon, Sushil Mishra, Amol Nandgaonkar, Rajesh Nikam, Sunil Pagare, Swapnil Panse, Samir Patani, Sandeep Pimpale, Vinod Raut, Sunita Saini, Devendra Saraf, Basant Sekhani, Punit Shah, Swanand Shinde, Sachin Sonone, Digamber Thakur, Vikas Tiwari and Prashant Waman on account of exercise of ESOP 2010*

*(19) Allotted to Rajesh Ghonasgi on account of exercise of ESOP 2010*

*(20) Allotted to Abhijit Jorvekar, Bajrang Mane, Omkar Kale, Deepak Kalera, Deepak Vairat, Yogesh Hubli, Deena Awate, Pariksheet Gholap, Jyotish Werulkar, Abhay Kumar, Aditya Talekar, Amit Mittal, Amrapali Nimgire, Arti Firodiya, Avirat Jamdar, Shailesh Banchhod, Harshad Bhujbal, Gaurav Agashe, Ghanshyam More, Harish Shukla, Jayanta Praharaj, K. Sushilkumar, Manoj Mahajan, Manojkumar Kulkarni, Ranjeet Menon, Sushil Mishra, Rajesh Nikam, Nilesh Nikam, Nitin Sawade, Pavankumar Chaudhari, Sandeep Pimpale, Rahul Naik, Rajendra Kumbhar, Rajiv Kumar Bhat, Sabu Thaliyath, Sharada Tarate, Sheetal Warhade, Swapnil Mahajan, Vikas Tiwari, Vaibhav Gade, Vivek Dani and Prashant Waman on account of exercise of ESOP 2010/ESOP 2014*

(21) *Sunil Khadakbhavi, Jayanta Praharaj and Ghanshyam More on account of exercise of ESOP 2014*

(b) The details of the Equity Shares allotted for consideration other than cash is provided in the following table:

| Date of allotment of the Equity Shares | Name of allottee | Number of the Equity Shares | Face value (₹) | Issue price (₹) | Reasons for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|---|
| March 31, 2005 | Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar | 160,000 | 10 | - | Bonus issue[1] | Nil |
| March 6, 2006 | Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar | 750,000 | 10 | - | Bonus issue[2] | Nil |
| March 13, 2007 | Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar | 3,000,000 | 10 | - | Bonus issue[3] | Nil |
| March 31, 2008 | Kailash Sahebrao Katkar, Sanjay Sahebrao | 3,000,000 | 10 | - | Bonus issue[4] | Nil |

| Date of allotment of the Equity Shares | Name of allottee | Number of the Equity Shares | Face value (₹) | Issue price (₹) | Reasons for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|---|
| | Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sahebrao Katkar and Narmada Katkar | | | | | |
| May 25, 2011 | Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar | 11,588 | 10 | - | Amalgamation of Cat Labs Private Limited with our Company(5) | Amalgamation of Cat Labs Private Limited with our Company |
| February 26, 2014 | Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Ripplewave, Sequoia Capital India Investments III and Sequoia Capital India Investment Holdings III | 53,435,977 | 10 | - | Bonus issue(6) | Nil |

*(1) Equity Shares allotted to the shareholders pursuant to a bonus issue in the proportion of 1:2.*
*(2) Equity Shares allotted to the shareholders pursuant to a bonus issue in the proportion of 1:3.*
*(3) Equity Shares allotted to the shareholders pursuant to a bonus issue in the proportion of 1:3.*
*(4) Equity Shares allotted to the shareholders pursuant to a bonus issue in the proportion of 4:3.*
*(5) 2,897 Equity Shares allotted to each Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar, being shareholders of Cat Labs Private Limited, pursuant to scheme of amalgamation sanctioned by the High Court of Bombay on April 8, 2011. For further details, see "History and certain Corporate Matters" on page 164.*
*(6) Equity Shares allotted to the shareholders pursuant to a bonus issue in the proportion of 1:7.*

(c) Our Company has not issued any Equity Shares pursuant to a bonus issue out of revaluation of reserves.

(d) Our Company has not made any issue of Equity Shares during the preceding one year from the date of filing of the Draft Red Herring Prospectus.

(e) The details of allotment of Equity Shares made in the preceding two years have been disclosed in Note (1)(a) above.

2. Our Company has not issued any preference shares since incorporation.

3. **Build-up of Promoters' Shareholding, Promoters' contribution and Lock-in**

As on the date of this Prospectus, our Promoters hold 54,710,720 Equity Shares, constituting 87.90% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set out below.

(a) Build-up of Equity Shares held by our Promoters

The Equity Shares held by our Promoters were acquired/ allotted in the following manner:

| Date of Transaction | Nature of Transaction | No. of Equity Shares | Nature of Consideration | Face Value (₹) | Issue/ Acquisition/Sale Price per Equity Share (₹) | Total Consideration /Proceeds from Sale (₹) | Percentage of the pre-Issue Capital (%) | Percentage of the post- Issue Capital (%) | Source of funds |
|---|---|---|---|---|---|---|---|---|---|
| ***Kailash Sahebrao Katkar (jointly held with Anupama Katkar)*** | | | | | | | | | |
| March 31, 1996 | Allotment | 100 | Cash | 10 | 10 | 1,000 | 0.00 | 0.00 | Personal funds |
| March 31, 1997 | Allotment | 16,000 | Cash | 10 | 10 | 160,000 | 0.03 | 0.02 | Personal funds |

| Date of Transaction | Nature of Transaction | No. of Equity Shares | Nature of Consideration | Face Value (₹) | Issue/ Acquisition/Sale Price per Equity Share (₹) | Total Consideration /Proceeds from Sale (₹) | Percentage of the pre-Issue Capital (%) | Percentage of the post- Issue Capital (%) | Source of funds |
|---|---|---|---|---|---|---|---|---|---|
| May 30, 1997 | Transfer[2] | (1,000) | Cash | 10 | 10 | 10,000 | (0.00) | 0.00 | NA |
| March 31, 1998 | Allotment | 8,400 | Cash | 10 | 10 | 84,000 | 0.01 | 0.01 | Personal funds |
| February 23, 2004 | Allotment | 8,012 | Cash | 10 | 10 | 80,120 | 0.01 | 0.01 | Personal funds |
| February 25, 2004 | Allotment | 3,488 | Cash | 10 | 10 | 34,880 | 0.01 | 0.00 | Personal funds |
| March 31, 2005 | Bonus issue | 70,000 | - | 10 | - | - | 0.11 | 0.10 | NA |
| March 6, 2006 | Bonus issue | 315,000 | - | 10 | - | - | 0.51 | 0.45 | NA |
| March 13, 2007 | Bonus issue | 1,260,000 | - | 10 | - | - | 2.02 | 1.80 | NA |
| March 31, 2008 | Bonus issue | 1,260,000 | - | 10 | - | - | 2.02 | 1.80 | NA |
| January 29, 2009 | Allotment | 70,000 | Cash | 10 | 10 | 700,000 | 0.11 | 0.10 | Personal funds |
| August 6, 2010 | Transposition | (62,600) | - | 10 | - | - | (0.10) | (0.09) | NA |
| September 8, 2010 | Transfer[3] | (145,464)[1] | Cash | 10 | 768.67 | 111,813,813 | (0.23) | (0.21) | NA |
| January 17, 2011 | Transfer[4] | (10,910)[1] | Cash | 10 | 768.67 | 8,386,190 | (0.02) | (0.02) | NA |
| May 25, 2011 | Allotment | 2,897 | - | 10 | - | - | 0.00 | 0.00 | NA |
| February 26, 2014 | Bonus issue | 19,557,461 | - | 10 | - | - | 31.42 | 27.93 | NA |
| **Total** | | **22,351,384** | | | | | **35.91** | **31.92#** | |
| ***Sanjay Sahebrao Katkar (jointly held with Dr. Chhaya Katkar)*** | | | | | | | | | |
| March 31, 1996 | Allotment | 100 | Cash | 10 | 10.00 | 1,000 | 0.00 | 0.00 | Personal funds |
| March 31, 1997 | Allotment | 7,000 | Cash | 10 | 10.00 | 70,000 | 0.01 | 0.01 | Personal funds |
| May 30, 1997 | Transfer[5] | 1,000 | Cash | 10 | - | - | 0.00 | 0.00 | Personal funds |
| March 31, 1998 | Allotment | 4,400 | Cash | 10 | 10.00 | 44,000 | 0.01 | 0.01 | Personal funds |
| June 1, 2000 | Transfer[6] | 4,000 | Cash | 10 | 10.00 | 40,000 | 0.01 | 0.01 | Personal funds |
| July 15, 2003 | Transfer[7] | 4,000 | Cash | 10 | 10.00 | 40,000 | 0.01 | 0.01 | Personal funds |
| February 23, 2004 | Allotment | 8,013 | Cash | 10 | 10.00 | 80,130 | 0.01 | 0.01 | Personal funds |
| February 25, 2004 | Allotment | 6,487 | Cash | 10 | 10.00 | 64,870 | 0.01 | 0.01 | Personal funds |
| March 31, 2005 | Bonus issue | 70,000 | - | 10 | - | - | 0.11 | 0.10 | NA |
| March 6, 2006 | Bonus issue | 315,000 | - | 10 | - | - | 0.51 | 0.45 | NA |
| March 13, 2007 | Bonus issue | 12,60,000 | - | 10 | - | - | 2.02 | 1.80 | NA |
| March 31, 2008 | Bonus issue | 1,260,000 | - | 10 | - | - | 2.02 | 1.80 | NA |
| January 29, 2009 | Allotment | 70,000 | Cash | 10 | 10.00 | 700,000 | 0.11 | 0.10 | Personal funds |
| August 6, 2010 | Transposition | (62,600) | - | 10 | - | - | (0.10) | (0.09) | NA |
| September 8, 2010 | Transfer[8] | (145,464)[1] | Cash | 10 | 768.67 | 111,813,813 | (0.23) | (0.21) | NA |

| Date of Transaction | Nature of Transaction | No. of Equity Shares | Nature of Consideration | Face Value (₹) | Issue/ Acquisition/Sale Price per Equity Share (₹) | Total Consideration /Proceeds from Sale (₹) | Percentage of the pre-Issue Capital (%) | Percentage of the post- Issue Capital (%) | Source of funds |
|---|---|---|---|---|---|---|---|---|---|
| January 17, 2011 | Transfer[9] | (10,910)[1] | Cash | 10 | 768.67 | 8,386,190 | (0.02) | (0.02) | NA |
| May 25, 2011 | Allotment | 2,897 | - | 10 | - | - | 0.00 | 0.00 | NA |
| February 26, 2014 | Bonus issue | 19,557,461 | - | 10 | - | - | 31.42 | 27.93 | NA |
| **Total** | | **22,351,384** | | | | | **35.91** | **31.92#** | |
| ***Anupama Katkar (jointly held with Kailash Sahebrao Katkar)*** | | | | | | | | | |
| March 31, 1997 | Allotment | 3,000 | Cash | 10 | 10 | 30,000 | 0.00 | 0.00 | Personal funds |
| February 23, 2004 | Allotment | 2,000 | Cash | 10 | 10 | 20,000 | 0.00 | 0.00 | Personal funds |
| March 31, 2005 | Bonus issue | 10,000 | - | 10 | - | - | 0.02 | 0.01 | NA |
| March 6, 2006 | Bonus issue | 45,000 | - | 10 | - | - | 0.07 | 0.06 | NA |
| March 13, 2007 | Bonus issue | 180,000 | - | 10 | - | - | 0.29 | 0.26 | NA |
| March 31, 2008 | Bonus issue | 180,000 | - | 10 | - | - | 0.29 | 0.26 | NA |
| March 25, 2010 | Transfer[10] | 140,000 | Cash | 10 | 10 | 1,400,000 | 0.22 | 0.20 | Personal funds |
| August 6, 2010 | Transposition | 62,600 | - | 10 | - | - | 0.10 | 0.09 | NA |
| May 5, 2011 | Allotment | 2,897 | - | 10 | - | - | 0.00 | 0.00 | NA |
| February 26, 2014 | Bonus issue | 4,378,479 | - | 10 | - | - | 7.03 | 6.25 | NA |
| **Total** | | **5,003,976** | | | | | **8.04** | **7.15** | |
| ***Dr. Chhaya Katkar (jointly held with Sanjay Sahebrao Katkar)*** | | | | | | | | | |
| March 31, 1997 | Allotment | 3,000 | Cash | 10 | 10 | 30,000 | 0.00 | 0.00 | Personal funds |
| February 23, 2004 | Allotment | 2,000 | Cash | 10 | 10 | 20,000 | 0.00 | 0.00 | Personal funds |
| March 31, 2005 | Bonus issue | 10,000 | - | 10 | - | - | 0.02 | 0.01 | NA |
| March 6, 2006 | Bonus issue | 45,000 | - | 10 | - | - | 0.07 | 0.06 | NA |
| March 13, 2007 | Bonus issue | 180,000 | - | 10 | - | - | 0.29 | 0.26 | NA |
| March 31, 2008 | Bonus issue | 180,000 | - | 10 | - | - | 0.29 | 0.26 | NA |
| March 25, 2010 | Transfer[11] | 140,000 | Cash | 10 | 10 | 1,400,000 | 0.22 | 0.20 | Personal funds |
| August 6, 2010 | Transposition | 62,600 | - | 10 | - | - | 0.10 | 0.09 | NA |
| May 5, 2011 | Allotment | 2,897 | - | 10 | - | - | 0.00 | 0.00 | NA |
| February 26, 2014 | Bonus issue | 4,378,479 | - | 10 | - | - | 7.03 | 6.25 | NA |
| **Total** | | **5,003,976** | | | | | **8.04** | **7.15** | |

*(1) Class 'A' Equity Shares of the Company which had preferential distribution on winding up of the Company. 2,500,000 Equity Shares of the Company were re-classified as Class 'A' Equity Shares pursuant to resolutions passed by the Board and Shareholders on July 7, 2010 and July 29, 2010, respectively. Subsequently, 2,500,000 Class 'A' Equity Shares were reclassified as Equity Shares pursuant to resolutions passed by the Board and Shareholders on February 6, 2014 and February 26, 2014, respectively.*

*(2) Transferred to Sanjay Sahebrao Katkar*

*(3) Transferred to Sequoia Capital India Investments III*

*(4) Transferred to Sequoia Capital India Investments III*

*(5) Transferred from Kailash Sahebrao Katkar*

*(6) Transferred from Sunil Shilimkar*

*(7) Transferred from Mahesh Thipse*

*(8) Transferred to Sequoia Capital India Investments III*

*(9) Transferred to Sequoia Capital India Investments III*

*(10) Transferred from Sahebrao Katkar*
*(11) Transferred from Narmada Katkar*
*# Does not exclude Equity Shares offered by Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar in the Offer for Sale portion. If the effect of the same were to be given, the post issue shareholding of each of Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar would be 29.29% instead of 31.92%.*

(b) Build-up of Equity Shares held by the Selling Shareholders other than our Promoters

The Equity Shares held by the Selling Shareholders other than our Promoters were acquired/ allotted in the following manner:

| Date of Transaction | Nature of Transaction | No. of Equity Shares | Nature of Consideration | Face Value (₹) | Issue/ Acquisition/Sale Price per Equity Share (₹) | Total Consideration/Proceeds from Sale (₹) | Percentage of the pre-Issue Capital (%) | Percentage of the post-Issue Capital (%) |
|---|---|---|---|---|---|---|---|---|
| ***Sequoia Capital India Investment Holdings III*** | | | | | | | | |
| August 11, 2010 | Allotment | 436,394[(1)] | Cash | 10 | 768.67 | 335,442,976 | 0.70 | 0.62 |
| January 17, 2011 | Allotment | 32,729[(1)] | Cash | 10 | 768.67 | 25,157,800 | 0.05 | 0.05 |
| February 26, 2014 | Bonus issue | 3,283,861 | - | 10 | - | - | 5.28 | 4.69 |
| **TOTAL** | | **3,752,984** | | | | | **6.03** | **5.36[#]** |
| ***Sequoia Capital India Investments III*** | | | | | | | | |
| September 8, 2010 | Transfer | 290,928[(1)] | Cash | 10 | 768.67 | 223,627,626 | 0.47 | 0.42 |
| January 17, 2011 | Transfer | 21,820[(1)] | Cash | 10 | 768.67 | 16,772,380 | 0.04 | 0.03 |
| February 26, 2014 | Bonus issue | 2,189,236 | - | 10 | - | - | 3.52 | 3.13 |
| **TOTAL** | | **2,501,984** | | | | | **4.02** | **3.57[@]** |

[(1)] *Class 'A' Equity Shares of the Company which had preferential distribution on winding up of the Company. 2,500,000 Equity Shares of the Company were re-classified as Class 'A' Equity Shares pursuant to resolutions passed by the Board and Shareholders on July 7, 2010 and July 29, 2010, respectively. Subsequently, 2,500,000 Class 'A' Equity Shares were reclassified as Equity Shares pursuant to resolutions passed by the Board and Shareholders on February 6, 2014 and February 26, 2014, respectively.*
[#] *Does not exclude the Equity Shares offered by Sequoia Capital India Investment Holdings III in the Offer for Sale portion. If the effect of the same were to be given, the post issue shareholding of Sequoia Capital India Investment Holdings III would be 5.23% instead of 5.36%.*
[@] *Does not exclude the Equity Shares offered by Sequoia Capital India Investments III in the Offer for Sale portion. If the effect of the same were to be given, the post issue shareholding of Sequoia Capital India Investments III would be nil instead of 3.57%.*

All the Equity Shares allotted to the Promoters were fully paid-up at the time of allotment. None of the Equity Shares held by our Promoters are pledged or encumbered as on date of the Red Herring Prospectus.

(c) Except Sanjay Sahebrao Katkar, who holds 10 equity shares in QH Kenya as nominee on behalf of our Company, our Promoters do not hold any equity shares in the Subsidiaries.

All the Equity Shares held by our Promoters and Promoter Group are held in dematerialised form as on the date of this Prospectus.

(d) Details of Promoters' contribution locked-in for three years

Pursuant to Regulation 36(a) the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer paid up capital of our Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment of Equity Shares in the Offer and our Promoters' shareholding in excess of such 20% shall be locked in for a period of one year.

I. The details of the Equity Shares which are eligible for such lock-in for a period of three years from the date of Allotment are set out in the following table:

| Sr. No. | Name of Promoter | Number of Equity Shares* | Face value (₹) | Percentage of | |
|---|---|---|---|---|---|
| | | | | pre-Offer capital | post-Offer capital |
| ***Shareholding of Promoters*** | | | | | |
| 1. | Kailash Sahebrao Katkar | 22,351,384 | 10 | 35.91 | 31.92[#] |

| | | | | | |
|---|---|---|---|---|---|
| 2. | Sanjay Sahebrao Katkar | 22,351,384 | 10 | 35.91 | 31.92[#] |
| 3. | Anupama Katkar | 5,003,976 | 10 | 8.04 | 7.15 |
| 4. | Dr. Chhaya Katkar | 5,003,976 | 10 | 8.04 | 7.15 |
| ***Less the Equity Shares being offered in the Offer*** | | | | | |
| 5. | Kailash Sahebrao Katkar | 1,840,000 | 10 | 2.96 | 2.63 |
| 6. | Sanjay Sahebrao Katkar | 1,840,000 | 10 | 2.96 | 2.63 |

[*]*All the above Equity Shares were fully paid-up at the time of allotment.*

*# Does not exclude Equity Shares offered by Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar in the Offer for Sale portion. If the effect of the same were to be given, the post issue shareholding of each of Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar would be 29.29% instead of 31.92%.*

All Equity Shares held by our Promoters are eligible for minimum Promoter's contribution in terms of Regulation 36(a) the SEBI ICDR Regulations, other than the Equity Shares offered by Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar in the Offer for Sale.

For details of the build-up of our Promoters' shareholding, see *"- Build-up of Equity Shares held by our Promoters*" on page 84 above.

II. The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of three years from the date of Allotment are set out in the following table:

| Name of the Promoter | Date of transaction and when made fully paid-up | Nature of transaction | No. of Equity Shares | Face value (₹) | Offer/ acquisition price per Equity Share (₹) | No. of Equity Shares locked-in | Percentage of pre-Offer paid-up capital (%) | Percentage of post-Offer paid-up capital (%) |
|---|---|---|---|---|---|---|---|---|
| Kailash Sahebrao Katkar | February 26, 2014 | Bonus Issue | 19,557,461 | 10 | - | 7,003,003 | 11.25 | 10.00 |
| Sanjay Sahebrao Katkar | February 26, 2014 | Bonus Issue | 19,557,461 | 10 | - | 7,003,003 | 11.25 | 10.00 |

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:

i. The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

ii. The Company has not been formed by the conversion of a partnership firm into a company;

iii. The Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

iv. The Equity Shares held by Promoters and offered for minimum 20% Promoter's contribution are in dematerialised form and not subject to any pledge; and

v. The Equity Shares offered for Promoters' contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoters for inclusion of its subscription in the Promoter's contribution subject to lock-in.

The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as 'Promoter' under the SEBI ICDR Regulations. Consent has been obtained from the Promoters for the contribution, constituting not less than 20% post-Offer capital to be locked-in for a period of three years from the date of Allotment in the Offer. The Promoters undertake that they shall not sell, transfer or dispose of, in any manner, the Equity Shares forming part of the minimum Promoters' contribution from the date of filing the Draft Red Herring Prospectus with SEBI until the date of commencement of lock-in in accordance with the SEBI ICDR Regulations.

(e) Details of pre-Offer equity share capital locked-in for one year

In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked in for three years as specified above, the entire pre-Offer share capital of our Company will be locked-in for a period of one year from the date of Allotment in this Offer, in terms of Regulations 36(b) and 37 of the SEBI ICDR Regulations, except for (a) 6,269,558 Equity Shares offered and sold in Offer for Sale; (b) 1,129,535 Equity Shares held by the existing employees of our Company which were allotted to them under the employee stock option schemes of our Company; and (c) 3,665,410 Equity Shares held by Sequoia Capital India Investment Holdings III, being a registered FVCI. However, Sequoia Capital India Investment Holdings III has undertaken that it shall not, without the prior written consent of the BRLMs and the Company, sell, transfer, charge, pledge or otherwise encumber any Equity Shares held by it after the Offer, for a period of 90 days from the date of Allotment."

(f) Lock in of Equity Shares Allotted to Anchor Investors

Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Offer.

(g) Other requirements in respect of lock-in

The Equity Shares held by our Promoters which are locked-in may be transferred to and amongst the Promoter Group entities or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

4. **Shareholding Pattern of our Company**

The table below represents the shareholding pattern of our Company as on the date of this Prospectus:

(a) Statement showing shareholding pattern of the Promoter and Promoter Group

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held | No (a) | As a% of total shares held | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (III) | (IV) | (V) | (VI) | (VII= IV+V+VI) | (VIII) | (IX) | | | | (X) | (XI) = (VII) + (X) as a % of A+B+C2 | (XII) | | (XIII) | | (XIV) |
| **(1)** | **Indian** | | | | | | | | | | | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | | | | | | | | | | | | | | | | | |
| | Name: | | | | | | | | | | | | | | | | | |
| | Mr. Kailash Sahebrao Katkar | 1 | 22,351,384[(1)] | - | - | 22,351,384 | 35.91 | | | N.A | | - | 35.91 | - | | - | | 22,351,384 |
| | Mr. Sanjay Sahebrao Katkar | 1 | 22,351,384[(2)] | - | - | 22,351,384 | 35.91 | | | N.A | | - | 35.91 | - | | - | | 22,351,384 |
| | Ms. Anupama K. Katkar | 1 | 50,039,76 | - | - | 50,039,76 | 8.04 | | | N.A | | - | 8.04 | - | | - | | 50,039,76 |
| | Ms. Chhaya S. Katkar | 1 | 50,039,76 | - | - | 50,039,76 | 8.04 | | | N.A | | - | 8.04 | - | | - | | 50,039,76 |
| (b) | Central Government / | - | - | - | - | - | - | | | N.A | | - | - | - | | - | | - |

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held | No (a) | As a% of total shares held | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (III) | (IV) | (V) | (VI) | (VII= IV+V+VI) | (VIII) | (IX) | | | | (X) | (XI) = (VII) + (X) as a % of A+B+C2 | (XII) | | (XIII) | | (XIV) |
| | State Governments | | | | | | | | | | | | | | | | | |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| (c) | Financial Institutions/ Banks | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| (d) | Any Other (specify) | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| | Sub-total (A)(1) | **4** | **54,710,720** | **-** | **-** | **54,710,720** | **87.90** | | | **N.A** | | **-** | **87.90** | **-** | | **-** | | **54,710,720** |
| **(2)** | **Foreign** | | | | | | | | | | | | | | | | | |
| (a) | Individuals (Non-resident individuals/ Foreign Individuals) | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |
| (b) | Government | - | - | - | - | - | - | | | N.A | | - | - | - | - | - | - | - |

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Shareholding as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held | No (a) | As a% of total shares held | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (III) | (IV) | (V) | (VI) | (VII= IV+V+VI) | (VIII) | (IX) | | | | (X) | (XI) = (VII) + (X) as a % of A+B+C2 | (XII) | | (XIII) | | (XIV) |
| | Name [●] | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| (c) | Institutions | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| | Name [●] | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| (d) | Foreign Portfolio Investor | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| | Name [●] | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| | Name [●] | - | - | - | - | - | - | N.A | | | | - | - | - | | - | | - |
| | **Sub Total (A) (2)** | - | - | - | - | - | - | **N.A** | | | | - | - | - | | - | | - |

(b) Statement showing shareholding pattern of the Public shareholder

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held (b) | No (Not applicable) (a) | As a% of total shares held (Not applicable) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (III) | (IV) | (V) | (VI) | (VII= IV+V+VI) | (VIII) | (IX) | | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| **(1)** | **Institutions** | | | | | | | | | | | | | | | | | |
| (a) | Mutual Funds/ | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| (b) | Venture Capital Funds | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| (c) | Alternate Investment Funds | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| (d) | Foreign Venture Capital Investors | | | | | | | | | | | | | | | | | |
| | Name Sequoia Capital India Investment Holdings III | 1 | 3,752,984[(3)] | - | - | 3,752,984 | 6.03 | | | N.A | | - | 6.03 | - | | | NA | 3,752,984 |
| (e) | Foreign Portfolio Investors | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| (f) | Financial Institutions Banks | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | - | | NA | - |

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held (b) | No (Not applicable) (a) | As a% of total shares held (Not applicable) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| (g) | Insurance Companies | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| (h) | Provident Funds / Pension Funds | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| | Name [●] | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| (i) | Any Other (Specify) | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| | Name [●] | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| | Sub-Total (B)(1) | **1** | **3,752,984** | **-** | **-** | **3,752,984** | **6.03** | | **N.A** | | | **-** | **6.03** | **-** | | **NA** | | **3,752,984** |
| (2) | **Central Government / State Government (s)/ President of India** | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| | Name [●] | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| | Sub-Total (B)(2) | - | - | - | - | - | - | | N.A | | | - | - | - | | NA | | - |
| (3) | **Non-institutions** | | | | | | | | | | | | | | | | | |
| (a) | Individuals – | | | | | | | | | | | | | | | | | |
| | i. Individual shareholders holding nominal share capital up to ₹2 lakhs, | 57 | 324,013 | - | - | 324,013 | 0.52 | | N.A | | | - | 0.52 | - | | - | | 324,013 |
| | ii. Individual | 17 | 861,166 | - | - | 861,166 | 1.38 | | N.A | | | - | 1.38 | - | | - | | 861,166 |

| | Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held (b) | No (Not applicable) (a) | As a% of total shares held (Not applicable) | |
| | | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | shareholders holding nominal share capital in excess of ₹2 lakhs | | | | | | | | | | | | | | | | | |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| (b) | NBFCs registered with RBI | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| (c) | Employee Trusts | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| (d) | Overseas Depositories (holding DRs) (balancing figure) | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| | Name [●] | - | - | - | - | - | - | | | N.A | | - | - | - | | | NA | - |
| (e) | Any Other (specify) | | | | | | | | | | | | | | | | | |
| 1. | Foreign Bodies: Sequoia Capital India Investments III | 1 | 2,501,984[(4)] | - | - | 2,501,984 | 4.02 | | | N.A | | - | - | - | | | NA | 2,501,984 |
| 2. | LLP: Ripplewave Advisors LLP | 1 | 91,000 | - | - | 91,000 | 0.15 | | | N.A | | - | - | - | | | NA | 91,000 |

| Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held (b) | No (Not applicable) (a) | As a% of total shares held (Not applicable) | |
| | | | | | | | Class X | Class Y | Total | | | | | | | | |
| Sub-Total (B)(3) | 76 | 3,778,163 | | | 3,778,163 | 6.07 | | NA | | | - | - | - | | NA | | 3,778,163 |
| **Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)** | | 7,531,147 | - | - | 7,531,147 | 12.10 | | N.A | | | - | - | - | | NA | | 7,531,147 |

(c) Statement showing shareholding pattern of the Non Promoter – Non Public shareholder: Nil

| Category and name of the shareholders | No. of shareholder | No. of fully paid up equity shares held | Partly paid up equity shares held | No. of shares underlying depository receipts | Total no. of shares held | Shareholding calculated as per SCRR, 1957 As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including warrants) | Total Shareholding, as a % assuming full conversion of convertible securities (as percentage of diluted share capital) | Number of locked in shares | | Number of shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form (Not Applicable) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | No of Voting Rights | | | Total as a % of Total Voting Rights | | | No (a) | As a% of total shares held (b) | No (Not applicable) (a) | As a% of total shares held (Not applicable) | |
| | | | | | | | Class X | Class Y | Total | | | | | | | | |
| | (I) | (III) | (IV) | (V) | (VI) | (VII= IV+V+ VI) | (VIII) | (IX) | | | (X) | (XI) | (XII) | | (XIII) | | (XIV) |
| **(1)** | **Custodian/ DR Holder** | - | - | - | - | - | - | - | | | - | - | - | | NA | | - |
| (a) | Name of DR Holders (if available) | - | - | - | - | - | - | - | | | - | - | - | | NA | | - |
| (i) | Name [●] | - | - | - | - | - | - | - | | | - | - | - | | NA | | - |
| (ii) | Name [●] | - | - | - | - | - | - | - | | | - | - | - | | NA | | - |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (2) | **Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)** | - | - | - | - | - | - | - | - | - | - | NA | - |
| (a) | Name [●] | - | - | - | - | - | - | - | - | - | - | NA | - |
| | Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2) | - | - | - | - | - | - | - | - | - | - | NA | - |

(1) *1,840,000 Equity Shares are currently in the share escrow account opened with the Escrow Agent for the Offer*
*(2) 1,840,000 Equity Shares are currently in the share escrow account opened with the Escrow Agent for the Offer*
*(3) 87,574 Equity Shares are currently in the share escrow account opened with the Escrow Agent for the Offer*
*(4) 2,501,984 Equity Shares are currently in the share escrow account opened with the Escrow Agent for the Offer*

The aggregate shareholding of the Promoter and Promoter Group in our Company, as of the date of this Prospectus is 54,710,720 Equity Shares constituting 87.90% of the paid up equity capital of our Company.

5. The table below presents the shareholding pattern of the Promoters and Promoter Group as on the date of this Prospectus:

| S. No. | Name of the shareholder | Pre-Issue | | Post-Issue | | No. of Equity Shares Pledged |
|---|---|---|---|---|---|---|
| | | No. of Equity Shares | Percentage Holding | No. of Equity Shares | Percentage Holding | |
| ***Promoters*** | | | | | | |
| 1. | Kailash Sahebrao Katkar[(1)] | 22,351,384 | 35.91% | 20,511,384* | 29.29% | - |
| 2. | Sanjay Sahebrao Katkar[(2)] | 22,351,384 | 35.91% | 20,511,384* | 29.29% | - |
| 3. | Anupama Katkar[(3)] | 5,003,976 | 8.04% | 5,003,976 | 7.15% | - |
| 4. | Dr. Chhaya Katkar[(4)] | 5,003,976 | 8.04% | 5,003,976 | 7.15% | - |
| ***Promoter Group*** | | - | - | - | - | - |
| **Total** | | **54,710,720** | **87.90%** | **51,030,720** | 72.87% | - |

**Assuming full subscription of shares offered by the Promoters in the Offer for Sale*
*(1) Jointly held with Anupama Katkar*
*(2) Jointly held with Dr. Chhaya Katkar*
*(3) Jointly held with Kailash Sahebrao Katkar*
*(4) Jointly held with Sanjay Sahebrao Katkar*

6. **Equity Shares held by top ten shareholders**

(a) On the date of this Prospectus are as follows:

| Sr. No. | Name of the Shareholder | No. of Shares | Percentage of pre-Offer shareholding (%) | Percentage of post-Offer shareholding (%) |
|---|---|---|---|---|
| 1. | Kailash Sahebrao Katkar[(1)] | 22,351,384 | 35.91 | 31.92* |
| 2. | Sanjay Sahebrao Katkar[(2)] | 22,351,384 | 35.91 | 31.92* |
| 3. | Anupama Katkar[(3)] | 5,003,976 | 8.04 | 7.15 |
| 4. | Dr. Chhaya S Katkar[(4)] | 5,003,976 | 8.04 | 7.15 |
| 5. | Sequoia Capital India Investment Holdings III | 3,752,984 | 6.03 | 5.36* |
| 6. | Sequoia Capital India Investments III | 2,501,984 | 4.02 | 3.57* |
| 7. | Abhijit Shantaram Jorvekar | 156,100 | 0.25 | 0.22 |
| 8. | Abhijit Kulkarni | 103,000 | 0.17 | 0.15 |
| 9. | Ranjit Menon | 94,490 | 0.15 | 0.13 |
| 10. | Ripplewave | 91,000 | 0.15 | 0.13 |
| | **Total** | **61,410,278** | **98.66** | **87.69*** |

*(1) Jointly held with Anupama Katkar*
*(2) Jointly held with Dr. Chhaya Katkar*
*(3) Jointly held with Kailash Sahebrao Katkar*
*(4) Jointly held with Sanjay Sahebrao Katkar*
** Does not exclude the Equity Shares offered in the Offer for Sale*

(b) Ten days prior to the date of this Prospectus are as follows:

| Sr. No. | Name of the Shareholder | No. of Shares | Percentage of pre-Offer shareholding (%) | Percentage of post-Offer shareholding (%) |
|---|---|---|---|---|
| 1. | Kailash Sahebrao Katkar[(1)] | 22,351,384 | 35.91 | 31.92* |
| 2. | Sanjay Sahebrao Katkar[(2)] | 22,351,384 | 35.91 | 31.92* |
| 3. | Anupama Katkar[(3)] | 5,003,976 | 8.04 | 7.15 |
| 4. | Dr. Chhaya S Katkar[(4)] | 5,003,976 | 8.04 | 7.15 |
| 5. | Sequoia Capital India Investment Holdings III | 3,752,984 | 6.03 | 5.36* |
| 6. | Sequoia Capital India Investments III | 2,501,984 | 4.02 | 3.57* |
| 7. | Abhijit Shantaram Jorvekar | 156,100 | 0.25 | 0.22 |
| 8. | Abhijit Kulkarni | 103,000 | 0.17 | 0.15 |
| 9. | Ranjit Menon | 94,490 | 0.15 | 0.13 |

| Sr. No. | Name of the Shareholder | No. of Shares | Percentage of pre-Offer shareholding (%) | Percentage of post-Offer shareholding (%) |
|---|---|---|---|---|
| 10. | Ripplewave | 91,000 | 0.15 | 0.13 |
| | **Total** | **61,410,278** | **98.66** | **87.69*** |

*(1) Jointly held with Anupama Katkar*
*(2) Jointly held with Dr. Chhaya Katkar*
*(3) Jointly held with Kailash Sahebrao Katkar*
*(4) Jointly held with Sanjay Sahebrao Katkar*
** Does not exclude the Equity Shares offered in the Offer for Sale*

(c) Two years prior to the date of this Prospectus are as follows:

| Sr. No. | Name of the Shareholder | No. of Shares | Percentage of shareholding (%) |
|---|---|---|---|
| 1. | Kailash Sahebrao Katkar(1) | 2,793,923 | 36.60 |
| 2. | Sanjay Sahebrao Katkar(2) | 2,793,923 | 36.60 |
| 3. | Anupama Katkar(3) | 625,497 | 8.19 |
| 4. | Dr. Chhaya S Katkar(4) | 625,497 | 8.19 |
| 5. | Sequoia Capital India Investment Holdings III* | 469,123 | 6.15 |
| 6. | Sequoia Capital India Investments III* | 312,748 | 4.10 |
| 7. | Ripplewave | 13,000 | 0.17 |
| | **Total** | **7,633,711** | **100.00** |

*(1) Jointly held with Anupama Katkar*
*(2) Jointly held with Dr. Chhaya Katkar*
*(3) Jointly held with Kailash Sahebrao Katkar*
*(4) Jointly held with Sanjay Sahebrao Katkar*
** Class 'A' Equity Shares of the Company which had preferential distribution on winding up of the Company.*

7. **Employee Stock Option Schemes**

Our Company instituted ESOP 2010 pursuant to resolutions dated June 10, 2010 passed by our Board and Shareholders, respectively. Our Company also instituted ESOP 2014 pursuant to resolutions dated February 6, 2014 and February 26, 2014, passed by our Board and Shareholders, respectively. The objective of ESOP 2010 and ESOP 2014 is to reward the employees of our Company for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. ESOP 2010 and ESOP 2014 are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.
The following table sets forth the particulars of the options granted under ESOP 2010 and ESOP 2014 as of the date of filing of this Prospectus:

| Particulars | Details | |
|---|---|---|
| | **ESOP 2010** | **ESOP 2014** |
| Options granted | Total options granted until date: 1,662,800<br><br>Options granted during fiscal year 2016: Nil<br><br>Options granted during fiscal year 2015: 122,000<br><br>Options granted during fiscal year 2014: 104,000<br><br>Options granted during fiscal year 2013: Nil | Total options granted until date: 579,900<br><br>Options granted during fiscal year 2016: 210,000<br><br>Options granted during fiscal year 2015: 369,900<br><br>Options granted during fiscal year 2014: Nil<br><br>Options granted during fiscal year 2013: 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 | 1,284,196 | 84,126 |

| Particulars | Details | |
|---|---|---|
| | **ESOP 2010** | **ESOP 2014** |
| 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 | 562,176 |
| Options forfeited/lapsed/cancelled | 209,104 | 17,724 |
| Variation in terms of options | Nil | Nil |
| Money realised by exercise of options | 452,77,612.50 | 70,92,360 |
| Options outstanding (in force) | 345,993 | 497,700 |
| 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' (non-annualised) | ₹ 4.25 | |
| 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: ₹ 3,671,504<br>Impact on profit: ₹ 3,671,504<br><br>Impact on EPS (basic): 0.06<br><br>Impact on EPS (diluted): 0.06 | |
| 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: ₹ 47.69 | Weighted average exercise price: ₹ 111.55 |
| | Weighted average fair value: ₹ 31.43 | |
| 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:<br>i. Risk free interest rate: 7.68;<br><br>ii. Expected life: Grant I :5.91 - 7.41<br>Grant II:4.65 - 6.50<br>Grant III:3.98 - 6.50<br>Grant IV:3.75 - 6.50;<br>iii. Expected volatility: 0%<br>iv. Expected dividends: 6.52%<br>v. Price of underlying share in market at the time of grant of option: NA | |
| Vesting schedule | Options are vested in four instalments based on performance of the employee. | |
| Lock-in | Nil | |
| Impact on profits of the last three years | fiscal year 2015: ₹ 1,275,168<br>fiscal year 2014: ₹ 95,285<br>fiscal year 2013: Nil | |
| 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 Offer | Nil | Nil |
| Intention to sell equity shares arising out of the exercise of shares granted under ESOP Schemes | NA | NA |

| Particulars | Details | |
|---|---|---|
| | 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) | | |

**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 | 26,000 | 26,000 | - | 78,000 |
| 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*

8. 155,763 Equity Shares aggregating up to ₹ 50.00 million constituting 1.11% of the Offer, have been reserved for allocation to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above Offer Price and subject to a maximum Bid Amount by each Eligible Employee not exceeding ₹ 200,000. Only Eligible Employees Bidding in the Employee Reservation Portion are eligible to apply in the Offer under the Employee Reservation Portion on a proportionate basis. Bids by Eligible Employees Bidding in the Employee Reservation Portion could also be made in the Net Offer and such Bids would not be treated as multiple Bids. The Employee Reservation Portion would not exceed 5% of the post-Offer capital of our Company.

9. Our Company, the Selling Shareholders, our Directors and the BRLMs have not entered into any buyback and/or standby arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through this Offer.

10. There are no Equity Shares that have been purchased or acquired by the Promoters and/or the Promoter Group and/or the Directors and/or the immediate relatives of the Directors (as defined under Regulation 2(1)(zb)(ii) and Regulation 2(1)(zb)(iv) of the SEBI ICDR Regulations) within the last six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

11. The Promoters, Promoter Group, the Directors, the immediate relatives of the Directors or Promoters (as defined under Regulation 2(1)(zb)(ii) and Regulation 2(1)(zb)(iv) of the SEBI ICDR Regulations) have not financed the purchase by any other person of securities of the Company during the six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

12. There have been no sales, purchases or subscription of Equity Shares by our Promoters, Promoter Group and Directors within three years immediately preceding the date of this Prospectus, which in aggregate is equal to or greater than 1% of the pre- Offer capital of our Company.

13. Except for options granted under ESOP 2010 and ESOP 2014 and options available for grant under ESOP 2010 and ESOP 2014, as on the date of this Prospectus there are no outstanding warrants, financial instruments or any rights, which would entitle any person any option to acquire/ receive any Equity Shares after the Offer.

14. Our Company has not raised any bridge loans against the proceeds of the Offer.

15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Prospectus. The Equity Shares issued pursuant to this Offer shall be fully paid-up at the time of Allotment.

16. Other than any allotment of Equity Shares pursuant to the exercise of options granted under ESOP 2010 and ESOP 2014, our Company shall not make any further issue of Equity Shares and/or any securities convertible into Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner, during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

17. Except for the sale of Equity Shares in the Offer for Sale, our Promoters and the members of the Promoter Group will not participate in the Offer.

18. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, the Company, the Directors, the Selling Shareholders, the Promoters and the Promoter Group, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

19. Other than any allotment of Equity Shares pursuant to the exercise of options granted under ESOP 2010 and ESOP 2014, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, into our Equity Shares) whether on a preferential basis or bonus or rights issue or further public offering or qualified institutions placement or otherwise, except that if our Company enters into acquisitions, joint venture(s) or any other arrangements, our Company may consider raising additional capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures at any time doing the aforementioned six months.

20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

21. Total number of Shareholders as on the date of this Prospectus are 81.

22. Our Company has not made any public issue of its Equity Shares or rights issue of any kind since its incorporation.

23. Our Company has not issued any Equity Shares out of its revaluation reserves.

24. As on the date of this Prospectus, none of the Equity Shares are pledged.

25. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group during the period between the date of registering this Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

26. As on the date of this Prospectus, neither the BRLMs nor their associates hold any Equity Shares.

27. Any over-subscription to the extent of 10% of the Offer can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to 45 Equity Shares, which is the minimum Bid size in this Offer. Consequently, the actual allotment may go up by a maximum of 10% of the Offer as a result of which the post-Offer paid up capital after the Offer would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Offer paid up capital is locked-in.

28. In terms of Rule 19(2)(b)(ii) of the SCRR, this Offer is being made for at least such percentage of the post-Offer paid-up Equity Share capital of our Company which will be equivalent to ₹ 4,000.00 million calculated at the Offer Price. Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, the Offer is being made through the Book Building Process where in 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The allotment of Equity Shares to each Retail Individual Bidder shall not be less than minimum Bid Lot, subject to availability of Equity Shares in the Retail Investor category, and the remaining available Equity Shares, if any, shall be allotted on proportionate basis. Our Company and the Selling Shareholders may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors, on a discretionary basis.

29. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB category would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to be met with spill over from the Employee Reservation Portion, subject to compliance with Rule 19(2)(b) of the SCRR. Further, a Bidder Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.

## OBJECTS OF THE OFFER

The Offer consists of a Fresh Issue by our Company aggregating to ₹ 2,500.00 million, and an Offer for Sale of up to 6,269,558 Equity Shares aggregating to ₹ 2,012.53 million by the Selling Shareholders.

**Offer for Sale**

Our Company will not receive any proceeds from the Offer for Sale.

**Objects of the Fresh Issue**

The details of the proceeds of the Fresh Issue are summarized below:

*(in ₹ million)*

| Particulars | Amount |
|---|---|
| Gross proceeds from the Fresh Issue | 2,500.00 |
| (Less) Offer related expenses in relation to the Fresh Issue (estimated) | 157.49 |
| **Net Proceeds** | **2,342.51** |

After deducting the estimated Offer related expenses in relation to the Fresh Issue, we estimate the proceeds of the Fresh Issue to be ₹ 2,342.51 million ("**Net Proceeds**"). The objects for which our Company intends to use the Net Proceeds are:

1. Advertising and sales promotion;
2. Capital expenditure for research and development;
3. Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi; and
4. General corporate purposes.

In addition to the aforementioned Objects, our Company expects to receive the benefits of listing of its Equity Shares on the Stock Exchanges, including among other things, enhancing the visibility of our brand and Company.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association, enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

**Requirement of funds and proposed schedule of deployment**

We intend to utilise the Net Proceeds as set forth in the table below:

*(in ₹ million)*

| Particulars | Total Estimated Utilization from Net Proceeds | Amount to be deployed from the Net Proceeds in | | | |
|---|---|---|---|---|---|
| | | Fiscal year 2016 | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
| Advertising and sales promotion | 1,110.00 | - | 370.00 | 370.00 | 370.00 |
| Capital expenditure on research and development | 418.80 | - | 220.00 | 100.00 | 98.80 |
| Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi | 275.95[(1)] | 57.10 | 218.85 | - | - |
| General corporate purposes[(2)] | 537.76 | 0.76 | 161.00 | 188.00 | 188.00 |
| **Total** | **2,342.51** | **57.86** | **969.85** | **658.00** | **656.80** |

(1) *As certified by Rathi Rathi and Co., Chartered Accountants, pursuant to their certificate dated January 22, 2016, ₹ 42.34 million has been deployed by our Company towards development of Pune property 1, as on December 31, 2015.*

(2) *Estimated general corporate purposes, since the Offer related expenses in relation to the Fresh Issue are an estimate.*

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during fiscal years 2016, 2017, 2018 and 2019, as applicable. In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year. Further, if the Net Proceeds are not completely utilised for the objects stated above by fiscal year 2019 due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and

operationalizing assets; (iv) timely completion of the Issue, market conditions outside the control of our Company; and (v) other commercial considerations; the same would be utilised (in part or full) in fiscal year 2020 or a subsequent period as may be determined by our Company in accordance with applicable law.

The above fund requirements, deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, internal management estimates, and current quotations from suppliers, and have not been appraised by any bank or financial institution or any other external agency. These are based on current business needs and are subject to revisions in light of changes in costs, financial condition, business plan, strategy or external circumstances which may not be in our control and may entail rescheduling and / or revising the planned expenditure and funding requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable law. For further details, see "*Risk Factors - The objects of the Offer for which the funds are being raised have not been appraised by any bank or financial institutions. Further, the deployment of the proceeds from the Fresh Issue is at the discretion of our Company.*" on page 32. In case of any surplus after utilization of the Net Proceeds for the stated objects, we may use such surplus towards general corporate purposes.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Fresh Issue. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects of the Fresh Issue, we may explore a range of options including utilising our internal accruals and seeking debt from financial institutions and other lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

None of the quotations stated hereinbelow have been obtained from any related party of the Company.

**Details of the Objects**

***1. Advertising and sales promotion***

Our Company is involved in providing security software solutions. Our portfolio includes solutions under the widely recognised brand names "Quick Heal" and "Seqrite" for desktop and laptop security, mobile / smartphone security, endpoint security, gateway security, network security, cloud-based mobile device management (MDM) systems, data loss prevention (DLP) systems and family safety software. The market for security software solutions is intensely competitive and many of our competitors enjoy potential competitive advantages over us, including greater name recognition, larger customer base, extensive international operations and larger sales and marketing budgets and resources. We invest in advertising and sales promotion activities across various media channels to increase our brand recognition among our existing and potential users vis-à-vis our competitors. We also take regular feedback from our large user base which enables us to understand the needs of our users better and helps us to innovate and design improved solutions. Our sales and marketing activities benefit from word-of-mouth recommendations from our large user network to create a viral marketing effect, which is amplified by the speed, ease of use and quality of our solutions, and allows us to gain new customers at a low acquisition cost.

The recognition and reputation of our "Quick Heal" and "Seqrite" brands among end users has significantly contributed to the growth of our business and hence maintaining and enhancing these brands is critical to our business. We have invested in brand building, including through the development and promotion of our "Quick Heal" and "Seqrite" brands, and our advertising and sales promotion activities include various forms of media including print, television, radio, online marketing, blogs etc. We use a mix of different media while advertising our products, depending on the markets we intend to tap. Further, the television channels, radio or newspapers, in which we advertise largely depends on our intended target audience. We also intend to enhance our geographic penetration and sales in newer towns and cities to leverage the growth opportunities offered by them. Accordingly, we intend to spend significant financial resources over the next three fiscal years towards advertising and sales promotion as well as brand building activities. We believe that this continuous branding exercise will not only help us retain and develop our customer base, but also enhance our brand recall value in the minds of customers. In addition, it would enable greater visibility for our products in the market, which we believe should lead to a rise in demand for our products and improve our competitive positioning.

Our media presence spans newspapers, magazines, news and entertainment TV channels, and FM radio channels in India. As part of our regular business, we advertise across various newspapers and magazines in English and other major regional Indian languages. On TV, we advertise on national news and entertainment TV channels in India. We often advertise during broadcasts that have considerable viewership such as the broadcast of the Indian

Premiere League cricket matches, popular TV shows such as Kaun Banega Crorepati (KBC, or Who wants to be a millionaire, in Hindi) and Filmfare movie awards ceremonies. We also advertise on radio stations covering cities and towns during high traffic hours. We intend to continue to invest significant resources to further enhance our brand presence through advertising and sales promotion activities to accelerate the growth of our customer base. For six months ended September 30, 2015, we have incurred ₹ 90.20 million on advertisement and sales promotion and in fiscal years 2015,2014 and 2013, we had incurred ₹ 288.09 million, ₹ 223.10 million and ₹ 190.28 million, respectively, on advertisement and sales promotion, which constituted 9.79%, 8.83% and 8.86%, of our total revenue for these fiscal years respectively. For additional details, see *'Our Business – Advertisement and Brand Building*' on page 150.

We have entered into a Media Services Agreement dated November 1, 2012 with Radeus Advertising Private Limited, now known as Omnicom Media Group India Private Limited ("**Omnicom Group**"), whereby Omnicom Group shall provide various media services to our Company in relation to our products (the "**Media Services Agreement**"). Omnicom Group is not related to the Promoters or Promoter Group in any manner. In terms of the Media Services Agreement, media services include competitive analysis across various media, media strategy, review of past year activity, media planning, negotiating across media and executing plans and reviewing plan performance. The Media Services Agreement is valid till December 31, 2016. Pursuant to the Media Services Agreement, we have received a detailed budgeting proposal dated September 23, 2015 from the Omnicom Group in relation to the Advertising and sales promotion budget for the next three fiscal years ("**Advertising Budget Proposal**"). In terms of the Advertising Budget Proposal, the recommended expenditure for advertising and sales promotion, across television, radio and print media is estimated at ₹ 600.00 million, ₹ 704.00 million and ₹ 820.00 million for fiscal years 2017, 2018 and 2019, respectively. Out of this, we propose to deploy ₹ 370.00 million, ₹ 370.00 million and ₹ 370.00 million for fiscal years 2017, 2018 and 2019, respectively out of Net Proceeds, and fund the balance out of our internal accruals. As of September 30, 2015 we had current investments totalling ₹ 959.49 million which comprised investments in mutual funds (quoted), and cash and bank balances of ₹ 105.21 million.

The recommended expenditure towards advertising and sales promotion for fiscal years 2017, 2018 and 2019 as provided in the Advertising Budget Proposal, are as set forth in the tables below:

| Particulars | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
|---|---|---|---|
| Television | 490.00 | 565.00 | 658.00 |
| Print | 60.00 | 84.00 | 98.00 |
| Radio | 50.00 | 55.00 | 64.00 |
| **Total** | **600.00** | **704.00** | **820.00** |

**Television:**

(*in ₹ million*)

| Genres | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
|---|---|---|---|
| Hindi general entertainment channels | 238.00 | 272.50 | 315.40 |
| Hindi movie channels | 11.00 | 12.10 | 14.00 |
| High definition channels | 11.00 | 12.10 | 14.00 |
| Hindi news channels | 17.00 | 19.70 | 22.80 |
| Regional channels | 73.00 | 83.60 | 96.80 |
| Sponsorship | 140.00 | 165.00 | 195.00 |
| **Total** | **490.00** | **565.00** | **658.00** |

**Print media:**

(*in ₹ million*)

| Publications | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
|---|---|---|---|
| Print media advertisement (includes various national, regional newspapers and magazines) | 60.00 | 84.00 | 98.00 |
| **Total** | **60.00** | **84.00** | **98.00** |

**Radio:**

(*in ₹million*)

| Market | Number of stations | Fiscal year 2017 | Fiscal year 2018 | Fiscal year 2019 |
|---|---|---|---|---|
| Hyderabad | 4 | 4.00 | 5.00 | 6.00 |
| Delhi | 6 | 15.00 | 16.00 | 19.00 |
| Ahmedabad | 4 | 2.00 | 3.00 | 3.00 |
| Surat | 3 | 2.00 | 2.00 | 2.00 |
| Mumbai | 6 | 13.00 | 14.00 | 17.00 |
| Pune | 4 | 3.00 | 4.00 | 4.00 |
| Nashik | 2 | 1.00 | 1.00 | 1.00 |
| Nagpur | 4 | 2.00 | 2.00 | 3.00 |
| Indore | 3 | 1.00 | 1.00 | 1.00 |
| Chandigarh | 2 | 2.00 | 2.00 | 2.00 |
| Jaipur | 5 | 3.00 | 3.00 | 4.00 |
| Lucknow | 3 | 2.00 | 2.00 | 2.00 |
| **Total** | | **50.00** | **55.00** | **64.00** |

Our deployment of money for advertising expenses on different media is contingent on various factors, such as the nature of the advertising campaign, ratings of programs or segments, expected viewership of our advertisements, and our Company's business and marketing plans. Accordingly, we may choose to purchase more advertising time/space for certain specific desirable media, channels or segments and less advertising time in others, in variance to that mentioned in the Advertising Budgeting Proposal, subject to the overall deployment of ₹ 1,110 million from the Net Proceeds for this purpose.

***2. Capital expenditure on research and development***

We believe our R&D and technology capabilities represent our core competency and a key competitive advantage. For six months ended September 30, 2015 we have incurred ₹ 290.22 million on R&D - related expenses and in fiscal years 2015, 2014 and 2013, we incurred ₹ 459.54 million, ₹ 312.07 million, ₹ 196.87 million, respectively, on R&D - related expenses. Our R&D division enables us to comprehensively integrate and manage the entire R&D value chain from conceptualisation, design and prototyping, to testing, development and commercial release. We have devoted considerable resources to R&D, including our investment in anti-ransomware technology, behavioural detection system as well as antivirus technology for mobiles and tablets. The technology used in our solutions is typically developed in-house, though we may license certain technology or other software and integrate that with our solutions as well. We have been granted four patents in the United States and have applied for one other patent in the United States. Further, we have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology. Our various solutions are available across a wide range of platforms such as Windows, Mac, Linux, Android and iOS. In line 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. We are also working on IoT security and home automation security systems.

To maintain and advance our position in the market, we intend to continue to innovate and develop solutions with the latest technology for existing and upcoming platforms. In addition to continued investments in development of new solutions, we may pursue acquisitions or investments or licensing of technologies that complement our portfolio. Our objective is to continue to enhance and broaden our portfolio of solutions to address our customers' evolving needs, ultimately driving greater customer growth, increased retention and revenue from new customer adoption.

In our continuing effort to strengthen our R&D capabilities, we propose to deploy ₹ 418.80 million of Net Proceeds towards funding our capital expenditure towards R&D. Out of this, we propose to deploy ₹ 220.00 million, ₹ 100.00 million and ₹ 98.80 million for the fiscal years 2017, 2018 and 2019, respectively out of Net Proceeds. We have received following quotation for the same:

| Sr. No. | Name of the vendor | Date of quotation | Nature of product / services | Amount of quotation (in ₹ million) |
|---|---|---|---|---|
| 1. | VDA Infosolutions Private Limited | September 15, 2015 | Four quotations for i) storage facility for data (hardware) and, ii) software, which will act as a research tool to analyse data/digital/cyber threat | 81.45 |
| 2. | VDA Infosolutions Private Limited | September 14, 2015 | Three quotations for quality testing tool (software). These tools are to be used for end point security and product testing | 222.75 |
| 3. | VDA Infosolutions Private Limited | September 14, 2015 | Additional storage facility (hardware) required for quality assurance laboratory | 8.60 |
| 4. | Hex-Rays | September 27, 2015 | License for application (software) for reverse engineering to investigate and research on threats/malware | 4.15* |
| 5. | Lyra Infosystems Private Limited | September 22, 2015 | Application (software) that helps companies administer how their software assets are created, managed and licenced. It resolves IP issues throughout product development life-cycle, from identifying the origins of code to applying company policies to licence requirements | 27.63** |
| 6. | Spirent Communications (Asia) Limited | September 26, 2015 | Combined hardware and software tool required for testing gateway filters by stimulating and automating the test environment | 2.80*** |
| 7. | Balasai Net Private Limited | September 24, 2015 | Alternate server (hardware) combined with certain software and storage facilities (hardware) required in situations where the primary server fails or has high load | 71.42 |
| **Total** | | | | 418.80 |

* *Quotation amount USD 63,788.50 and converted at ₹ 65 / USD.*

** *Quotation amount USD 425,000 and converted at ₹ 65 / USD.*

*** *Quotation amount USD 43,125 and converted at ₹ 65 / USD.*

3. ***Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi***

As of December 31, 2015, we have 64 offices and warehouses across 36 cities in India. Our national distribution and service network is supported by our branch offices. We are in the process of undertaking property development and renovation at our existing office premises in Kolkata, Pune and New Delhi. In furtherance to our strategy to expand our business, we require more office space in Pune to accommodate our increasing employee base. Accordingly, we intend to purchase office space in and around our existing Registered and Corporate Office in Pune. Further, we are in the process of expanding our R&D capabilities and accordingly, we have commenced developing our existing office premises in Pune to accommodate a larger team of R&D personnel.

Our estimated costs towards purchase and development of office premises are as set forth in the tables below:

(*in ₹ million*)

| Property Location | Area (in sq. ft) | Cost of property | Cost of development and renovation |
|---|---|---|---|
| Kolkata (existing property) | 7,995 | - | 24.13 |
| Pune (new property) | 17,000 | 132.50 | 52.00 |
| Pune (existing property 1) | 25,258 | - | 75.45[(1)] |
| Pune (existing property 2) | 6,006 | - | 15.02 |
| New Delhi (existing property) | 3,200 | - | 14.14 |
| Contingency expenses | - | - | 5.05 |
| **Total** | | | **318.29** |
| Amount already spent as on December 31, 2015[(1)] | | | 42.34 [(1)] |
| **Total Estimated Utilization from Net Proceeds** | | | 275.95 |

(1) *As certified by Rathi Rathi and Co., Chartered Accountants, pursuant to their certificate dated January 22, 2016.*

We propose to utilise ₹ 275.95 million from the Net Proceeds for purchase, development and renovation of office space during fiscal years 2016 and 2017, and fund the balance out of internal accruals.

*Kolkata property development*

Our Company has purchased an office space of 7,995 sq. ft from Diamond Heritage Enterprises pursuant to a sale deed dated June 25, 2015. The office space in Kolkata is located at Strand Road. The office space is unfurnished and requires us to install fixtures, fittings and furniture. We propose to utilise this office space as our branch office. We believe that this will improve our operational efficiencies, outreach in West Bengal and the eastern region of the country as well as reduce our lease rental costs.

The total expenditure estimated to be incurred towards furnishing the new office space in Kolkata is ₹ 24.13 million. We have received a quotation letter dated December 22, 2015 of ₹ 7.73 million from IMG Interior Solutions Private Limited for consulting, wall graphics and installing designer furniture in the office space in Kolkata. Further, we have issued a purchase order dated December 15, 2015 of ₹ 16.40 million from IMG Interior Solutions Private Limited for various works including civil works, interior work, electrical work, security systems and other equipment.

*Pune property purchase and development (new property)*

We intend to purchase a new property in and around our Registered and Corporate Office. The total expenditure estimated to be incurred towards purchasing a new office space of around 17,000 sq. ft., is ₹ 132.50 million, inclusive of stamp duty, taxes, registration and other expenses. We intend to buy an unfurnished office space and subsequently, install fixtures and fittings and furniture. We have received a quotation letter dated September 24, 2015 from Earthwell Realty Private Limited ("**Earthwell**"), a real estate broker, for an office space of around 17,000 sq. ft. located in Viman Nagar, Pune.

We have also received a quotation letter dated September 16, 2015 of ₹ 52.00 million from IMG Interior Solutions Private Limited for various works including interior works, civil works, security systems and other equipment.

*Pune property development 1*

Our Company has purchased an office space of 25,258 sq. ft from Marveledge Realtors Private Limited pursuant to a registered sale deed dated March 30, 2015 ("**Pune Property 1**"). The office space is in Pune, and is located in the same building as our Registered and Corporate Office. The office space is unfurnished and requires us to install fixtures, fittings and furniture. This office space shall be used by our R&D team.

The total expenditure estimated to be incurred towards furnishing this office space in Pune is ₹ 75.45 million. We have received following quotations or issued the following purchase orders for the same:

| Sr. No. | Name of the vendor | Date of purchase order / quotation | Nature of product / services | Amount of purchase order / quotation (in ₹ million)[(1)] |
|---|---|---|---|---|
| 1. | Monarch Ergonomics India Private Limited | September 15, 2015 | Chairs | 2.90 |
| 2. | ST Systems | August 20, 2015 | Uninterrupted power supply systems | 5.25 |
| 3. | Swegon Blueboc Private Limited | August 25, 2015 | Precision air conditioner | 3.07 |
| 4. | Swegon Blueboc Private Limited | September 4, 2015 | Precision air conditioner | 1.63 |
| 5. | Airtech Engineering & Solutions | August 20, 2015 | Air conditioner works | 7.41 |
| 6. | IMG Interior Solutions Private Limited | August 17, 2015 | Civil, interior work, carpet, modular work stations, electrical work, firefighting work, security work and networking | 36.80 |
| 7. | IMG Interior Solutions Private Limited | September 15, 2015 | Additional interior work (includes sofas, chair, tables, wall graphics, artifacts, LCD screens, storages) | 18.39 |
| **Total** | | | | 75.45 |

(1) *As certified by Rathi Rathi and Co., Chartered Accountants, pursuant to their certificate dated January 22, 2016, ₹ 42.34 million has been deployed by our Company towards development of Pune property 1 as on December 31, 2015.*

*Pune property development 2*

Our Company has purchased an office space of 558 sq. mt. pursuant to a registered sale deed dated March 29, 2006 executed with Regency Suraj Infrastructures and Dunlop India Limited. The office space is in Pune, and is located at Bhamburda, Shivajinagar. Although the office space is furnished, an area of 6,006 sq. ft is required to be renovated with new fixtures, fittings and furniture.

The total expenditure estimated to be incurred towards renovating this office space in Pune is ₹ 15.02 million. We have been issued the following quotation for the same:

| Sr. No. | Name of the vendor | Date of quotation | Nature of product / services | Amount of quotation (in ₹ million) |
|---|---|---|---|---|
| 1. | IMG Interior Solutions Private Limited | September 18, 2015 | Civil, interior work, carpet, modular work stations, electrical work, firefighting work, security work and networking | 15.02 |
| **Total** | | | | 15.02 |

*New Delhi property development*

Our Company has purchased an office space of 297.28 sq. mt. from P. P. Buildwell Private Limited pursuant to a registered sale deed dated December 23, 2009. The office space is in New Delhi, and is located at West End Mall, Janak Puri. Although, the office space is furnished, an area of 3,200 sq. ft is required to be renovated with new fixtures, fittings and furniture.

The total expenditure estimated to be incurred towards renovating this office space in New Delhi is ₹ 14.14 million. We have been issued the following quotation for the same:

| Sr. No. | Name of the vendor | Date of purchase order | Nature of product / services | Amount of purchase order (in ₹ million) |
|---|---|---|---|---|
| 1. | Transcend Design Consultant | December 22, 2015 | Civil, interior work, electrical work, firefighting work, security work and networking | 14.14 |
| **Total** | | | | 14.14 |

*Contingency expenses*

We have estimated our contingency expenses in the purchase and development of the above properties to be ₹ 5.05 million.

***4. General corporate purposes***

Our Company proposes to deploy the balance Net Proceeds towards general corporate purposes, including but not limited to strategic initiatives, partnerships, alliances, tie-ups, acquisitions, investments, joint ventures and licensing of technologies, and for meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business, strengthening our Company's R&D and marketing capabilities, and any other purpose as may be approved by the Board or a duly appointed committee of the Board from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts.

**Offer related expenses**

The total expenses of the Offer are estimated to be approximately ₹ 277.21 million. The expenses of this Offer shall include, among others, underwriting and management fees, brokerage and selling commissions, SCSBs' commissions/fees, printing and distribution expenses, legal fees, issue advertisement expenses, registrar and depository fees and listing fees. All Offer related expenses, other than listing fees and expenses relating to the legal counsel to our Company, shall be shared by our Company and the each Selling Shareholder in proportion to the number of Equity Shares in the Fresh Issue and the Offer for Sale being offered by the Selling Shareholders, respectively, in accordance with applicable law. Listing fees and expenses relating to the legal counsel to our Company shall be solely borne by our Company.

The estimated Offer expenses are as under:

| Activity | Expense (₹ In million) | Expense (% of total expenses) | Expense (% of Issue Size) |
|---|---|---|---|
| Lead management fees | 153.14 | 55.24 | 3.39 |
| Registrar to the Offer and other related fees | 5.80 | 2.09 | 0.13 |
| Other advisors to the Offer | 51.28 | 18.50 | 1.14 |
| Brokerage and selling commission*# | 14.79 | 5.34 | 0.33 |
| Brokerage and selling commission for Registered Brokers# | | | |

| Activity | Expense (₹ In million) | Expense (% of total expenses) | Expense (% of Issue Size) |
|---|---|---|---|
| Brokerage and selling commission for Collecting DP[#] | | | |
| Brokerage and selling commission for Registered RTA[#] | | | |
| Printing and distribution expenses | 11.04 | 3.98 | 0.24 |
| Advertising and marketing expenses | 17.10 | 6.17 | 0.38 |
| Other expenses (SEBI filing fees, book-building fees etc.) | 24.06 | 8.68 | 0.53 |
| **Total estimated Issue expenses** | **277.21** | **100.00** | **6.14** |

* *Including commission to the SCSBs for applications and processing fees to the SCSBs for processing the Bid cum Application Forms procured by the Syndicate from Bidders in the Specified Cities and submitted to the SCSBs. A processing fee of ₹10 (plus applicable service tax) per valid application is payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are procured by the members of the Syndicate, sub-Syndicate, Registered Brokers, Collecting RTAs or Collecting DPs and submitted to SCSB for blocking.*

[#] *The commission and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoice of the respective intermediaries by the Company.*

**Appraisal and bridge loans**

The above fund requirements have not been appraised by any bank or financial institution. Our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds.

**Means of finance**

The entire requirements of each the objects detailed above are intended to be funded from the Net Proceeds and internal accruals. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the Net Proceeds.

**Interim use of net proceeds**

Pending utilisation for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934.

**Monitoring of utilization of funds**

Our Company has appointed Axis Bank Limited as monitoring agency to monitor utilisation of Net Proceeds. For details on utilisation of Net Proceeds, see "*Objects of the Offer*" on page 104. Our Board and Audit Committee shall monitor the utilization of proceeds of the Fresh Issue. We will disclose the utilization of the Net Proceeds, including interim use, under a separate head specifying the purpose for which such proceeds have been utilised along with details, if any, in relation to all proceeds of the Fresh Issue that have not been utilised thereby also indicating investments, if any, of the unutilised proceeds of the Fresh Issue in our balance sheet for the relevant financial years.

Pursuant to Reguation 32(3) of the Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the use and application of the Net Proceeds. Additionally, the Audit Committee shall make recommendations to our Board for further action, if appropriate. Till such time as all the Fresh Issue Proceeds have been utilised in full, our Company shall prepare an annual statement, certified by our Statutory Auditors, of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee.

Further, in terms of Regulation 32(1) of the Listing Regulations, our Company will furnish a quarterly statement to the Stock Exchange indicating material deviations, if any, in the use of proceeds from the objects stated in this Prospectus. This information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Regulation 13 of the Equity Listing Regulations and would be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the Listing Regulations.

**Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Management Personnel and the members of our Promoter Group or Group Companies, except in the ordinary course of business. However, Mr Kailash Sahebrao Katkar, Mr Sanjay Sahebrao Katkar, our Promoters, will receive a portion of the proceeds of the Offer for Sale, net of the respective share of Offer Expenses, as Selling Shareholders, pursuant to sale of the Equity Shares being offered by them through the Offer for Sale.

In accordance with Section 13 (8) and Section 27 of the Companies Act, 2013 and the rules framed there under, our Company shall not vary the objects, unless authorised by our shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of our Company is situated, as per the Companies Act, 2013 and the rules framed there under. Pursuant to the Companies Act, 2013, our Promoters or controlling shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, in accordance with the AoA, and as may otherwise be prescribed by SEBI.

We further confirm that the Net Proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

## BASIS FOR OFFER PRICE

The Offer Price has been determined by our Company and Selling Shareholders in consultation with the BRLMs on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of qualitative and quantitative factors described below. The face value of the Equity Shares of our Company is ₹ 10 each and the Offer Price is 31.1 times of the face value at the lower end of the Price Band and 32.1 times the face value at the higher end of the Price Band.

Investors should see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 140, 17 and 192, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe the following are our strengths:

- Large portfolio of easy-to-use, high-quality solutions
- Recognised brand name and positive reputation
- Large and diverse user base
- Strong and diversified channel network
- Significant R&D and technology capabilities
- Experienced management team and qualified pool of employees backed by marquee venture capital investor
- Consistent growth, profitability and cash flow generation

For further details, see "*Our Business - Strengths*" on page 141.

### Quantitative Factors

Some of the information presented in this section relating to our Company is derived from our Company's Restated Summary Statements for fiscal years 2015, 2014 and 2013, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For more details on the financial information, please see "*Financial Information*" beginning on page 192.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

These ratios have been computed after considering the retrospective adjustment to the consolidation of share capital mentioned in the sections below,

**1. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for changes in capital:**

As per Restated Unconsolidated Summary Statements of our Company:

| Year Ended | Basic EPS (in ₹)[#] | Diluted EPS (in ₹)[#] | Weight |
|---|---|---|---|
| March 31, 2013 | 12.70 | 12.70 | 1 |
| March 31, 2014 | 10.08 | 9.94 | 2 |
| March 31, 2015 | 9.22 | 9.09 | 3 |
| **Weighted Average** | **10.09** | **9.98** | |
| Six months ended September 30, 2015 (non annualised) | 4.31 | 4.25 | |

As per Restated Consolidated Summary Statements of our Company:

| Year Ended | Basic EPS (in ₹)[#] | Diluted EPS (in ₹)[#] | Weight |
|---|---|---|---|
| March 31, 2013 | 12.59 | 12.59 | 1 |
| March 31, 2014 | 9.56 | 9.43 | 2 |
| March 31, 2015 | 8.81 | 8.69 | 3 |
| **Weighted Average** | **9.69** | **9.59** | |

| Year Ended | Basic EPS (in ₹)[#] | Diluted EPS (in ₹)[#] | Weight |
|---|---|---|---|
| Six months ended September 30, 2015 (non annualised) | 3.97 | 3.91 | |

*Notes:*

*(1) The face value of each Equity Share is ₹ 10.*

*(2) Basic and diluted earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014. As per Accounting Standard 20, in case of bonus shares or consolidation of shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported.*

*(3) The above statement should be read with significant accounting policies and notes on Restated Summary Statements as appearing in the Financial Statements.*

*(4) Basic EPS (₹) is Net profit after tax as restated for calculating basic EPS divided by Weighted average number of Equity Shares outstanding during the year*

*(5) Diluted EPS (₹) is Net profit after tax as restated for calculating diluted EPS divided by Weighted average number of diluted Equity Shares outstanding at the end of the year.*

*[#] The EPS is adjusted for bonus issue of Equity Shares in the year ended March 31, 2014*

**2. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 311 to ₹ 321 per Equity Share:**

(a) P/E based on Basic EPS:

| Particulars | P/E (Unconsolidated) | | P/E (Consolidated) | |
|---|---|---|---|---|
| | P/E at the Floor Price | P/E at the Cap Price | P/E at the Floor Price | P/E at the Cap Price |
| P/E based on Basic EPS for the year ended March 31, 2015 | 33.73 | 34.82 | 35.30 | 36.44 |
| P/E based on Weighted Average Basic EPS | 30.82 | 31.81 | 32.09 | 33.13 |

(b) P/E based on Diluted EPS:

| Particulars | P/E (Unconsolidated) | | P/E (Consolidated) | |
|---|---|---|---|---|
| | P/E at the Floor Price | P/E at the Cap Price | P/E at the Floor Price | P/E at the Cap Price |
| P/E based on Diluted EPS for the year ended March 31, 2015 | 34.21 | 35.31 | 35.79 | 36.94 |
| P/E based on Weighted Average Diluted EPS | 31.16 | 32.16 | 32.43 | 33.47 |

**3. Industry P/E ratio**

Not Applicable - There are no listed entities similar to our line of business and comparable to our scale of operations.

**4. Return on Net-Worth ("RoNW")**

As per Restated Unconsolidated Summary Statements of our Company:

| Particulars | RoNW % | Weight |
|---|---|---|
| Year ended March 31, 2013 | 27.40% | 1 |
| Year ended March 31, 2014 | 18.46% | 2 |
| Year ended March 31, 2015 | 16.81% | 3 |
| **Weighted Average** | **19.12%** | |
| Six months ended September 30, 2015 (non-annualised) | 7.29% | |

As per Restated Consolidated Summary Statements of our Company:

| Particulars | RoNW % | Weight |
|---|---|---|
| Year ended March 31, 2013 | 27.24% | 1 |
| Year ended March 31, 2014 | 17.71% | 2 |
| Year ended March 31, 2015 | 16.37% | 3 |
| **Weighted Average** | **18.63%** | |
| Six months ended September 30, 2015 (non-annualised) | 6.86% | |

*Note:*

*(1) Return on net worth (%) is Net profit after tax (as restated) and after preference dividend and related tax thereon divided by net worth at the end of the year*

**5. Minimum Return on Increased Net Worth after the Offer needed to maintain Pre- Offer EPS for the year ended March 31, 2015:**

(a) Unconsolidated

| Particulars | Minimum RoNW (%) at the Floor Price | Minimum RoNW (%) at the Cap Price |
|---|---|---|
| To maintain pre-Offer Basic EPS for the year ended March 31, 2015 | 11.08 | 11.04 |
| To maintain pre-Offer Diluted EPS for the year ended March 31, 2015 | 10.92 | 10.88 |

(b) Consolidated

| Particulars | Minimum RoNW (%) at the Floor Price | Minimum RoNW (%) at the Cap Price |
|---|---|---|
| To maintain pre-Offer Basic EPS for the year ended March 31, 2015 | 10.70 | 10.66 |
| To maintain pre-Offer Diluted EPS for the year ended March 31, 2015 | 10.55 | 10.52 |

**1. Net Asset Value per Equity Share of face value of ₹ 10 each**

(i) Net asset value per Equity Share as per Restated Unconsolidated Summary Statements of our Company as on March 31, 2015 is ₹ 54.85.

(ii) Net asset value per Equity Share as per Restated Unconsolidated Summary Statements of our Company as on September 30, 2015 is ₹ 59.18.

(iii) Net asset value per Equity Share as per Restated Consolidated Summary Statements of our Company as on March 31, 2015 is ₹ 53.82.

(iv) Net asset value per Equity Share as per Restated Consolidated Summary Statements of our Company as on September 30, 2015 is ₹ 57.80.

(v) After the Offer (unconsolidated):

a. At the Floor Price: ₹ 83.24
b. At the Cap Price: ₹ 83.53

(vi) After the Offer (consolidated):

a. At the Floor Price: ₹ 82.34
b. At the Cap Price: ₹ 82.63

(vii) Offer Price: ₹ 321

**2. Comparison with Listed Industry Peers**

There are no listed entities in India which are similar to our line of business and comparable to our scale of operations.

The Offer Price of ₹ 321 has been determined by our Company and Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*" and "*Financial Statements*" on pages 17 and 192, respectively, to have a more informed view.

## STATEMENT OF TAX BENEFITS

## STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS1 IN INDIA

To
The Board of Directors
Quick Heal Technologies Limited
Marvel Edge, Office no, 7010 C & D,
7th Floor, Viman Nagar
Pune – 411 014

Dear Sirs,

**Sub: Statement of Possible Tax Benefits available to Quick Heal Technologies Limited ('the Company') and its shareholders**

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (Act) and the Wealth-tax Act, 1957 (as amended by the Finance Act, 2015), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or
ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: January 19, 2016

[1] Applicable Laws here pertains to Income-tax Act, 1961 and Wealth-tax Act, 1957 (as amended by the Finance Act, 2015)

**ANNEXURE TO STATEMENT OF TAX BENEFITS AVAILABLE TO QUICK HEAL TECHNOLOGIES LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS**

*The information provided below sets out the possible tax benefits available to the company and the equity shareholders in a summary manner only and is not complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive and comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

**I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')**

**1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

There are no special tax benefits that are available to the company.

**2. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

**2.1 Benefits on distributed income**

**2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O**

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(38) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1962.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

**2.1.2 Section 10(35) of the Act – Income from specified units**

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
b) Income received in respect of units from the Administrator of the specified undertaking - Administrator as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

The provisions restricting tax deductibility of expenditure in respect of exempt income as per section 14A of the Act as per the conditions prescribed therein are also applicable.

Also, section 94(7) of the Act of excluding the losses to the extent of dividend income (Dividend Stripping) within a period of three months prior to the record date and sold/ transferred within nine months after such date, will be disallowed to the extent of dividend income on such units is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

### 2.1.3 Section 10(34A) of the Act - Income from buy back of shares

**I**ncome arising to the Company, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess) on distributed income being difference between consideration and the amount received by the company for issue of shares.

### 2.1.4 Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit

Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months. However, the said exemption will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

## 2.2 Benefits while computing Profits and Gains of Business or Profession

### 2.2.1 Section 32AC

As per section 32AC(1A) of the Act, where an Assessee, being a Company, engaged in the business of manufacture or production of an article or thing, acquires and installs new assets and the amount of actual cost of such new assets acquired and installed during any previous year exceeds 25 crores, then there shall be allowed a deduction of a sum equal to 15% of the actual cost of such new assets for the assessment year relevant to the previous year. No deduction under section 32AC(1A) of the Act shall be allowed for any assessment year commencing on or after the 1st day of April 2018, i.e., Assessment Year 2018-19.

However, there is a restriction on the transfer pf plant or machinery for a period of 5 years, in respect of any assessee who is eligible for deduction under section 32AC(1A). However, this restriction shall not apply in a case of amalgamation or demerger but shall continue to apply to the amalgamated company or resulting company, as the case may be.

### 2.2.2 Section 32 and section 32(iia) Depreciation

The company will be entitled to depreciation under section 32 on assets as per specified rates under the Act. Further, the company engaged in the business of manufacture of production of any article or thing can claim an additional depreciation under section 32(iia) at the rate of 20% of the actual cost in the year when the machinery is first put to use.

The said deduction under section 32 would be restricted to a maximum of 60% as per the CBDT Press release dated 20 November 2015 proposing to minimise the incentives.

### 2.2.3 Section 35D of the Act – Amortisation of preliminary expenses

The Company will be entitled for deduction of specified preliminary expenditure (i.e. preparation of preliminary feasibility/ project reports, conducting market survey, legal charges, etc.) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

### 2.2.4 Section 35DDA of the Act - Expenditure under Voluntary Retirement Scheme (‘VRS’).

The Company will be eligible for deduction of any expenditure incurred on voluntary retirement of its employees subject to the satisfaction of prescribed conditions under section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

### 2.2.5 Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

As per provisions of section 36(1)(xv) of the Act, securities transaction tax paid in respect of the taxable securities transactions entered into in the course of the business is allowed as deduction if the income arising from such taxable securities transaction is included in the income computed under the head "Profits and gains of business or profession". Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

## 2.3 Carry forward and set-off of Business loss and unabsorbed depreciation

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income (other than income under the head salaries). Balance business loss, if any, can be carried forward and setoff against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

As per section 72A of the Act, where the Company amalgamates with another company or in case of demerger of an undertaking of the Company, the accumulated loss and the unabsorbed depreciation of the amalgamating company/ relatable to the undertaking(s) transferred shall be deemed to be the business loss/ unabsorbed depreciation of the amalgamated/ demerged Company for the year in which such amalgamation/ demerger took place (subject to satisfaction of certain conditions), and accordingly, shall be eligible for being carried forward and setoff in accordance with the provisions of the Act.

## 2.4 Capital gains

As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short term capital asset, if the period of holding of such share, unit or security is 12 months or less.

If the period of holding of the abovementioned assets is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is 36 months instead of 12 months.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL) within a period of six months after the date of such transfer. Where the part of the capital gains is invested, the exemption is available on a proportionate basis. The maximum investment in the specified bonds cannot exceed Rs 50 lakhs per assesse during

any financial year in which the original asset(s) are transferred and in the subsequent financial year. Where the specified bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from the sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to Securities Transaction Tax, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).

Gains arising on the transfer of long term asset are chargeable to tax in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than a unit) or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT is not allowed to be set-off and carried forward.

The characterisation of gains/ losses, arising from sale/ transfer of shares as business income or capital gains would depend on the nature of holdings and various other factors.

### 2.5 Scientific Research expenditure

In accordance with section 35(1)(ii) of the Act, in respect of any sum paid to a scientific research association which has its object the undertaking of scientific research, or to any approved university, college or other institution to be used for scientific research and which is time being approved by the prescribed authority and also such association, university, college, or other institution is specified as such by notification in the official gazette by the Central Government and such other conditions as may be prescribed, shall also qualify for a deduction of 175 per cent the amount so paid.

Under section 35(1)(iii) of the Act, any sum paid to a research association which has its object the undertaking of research in social sciences or statistical scientific research or to a university, college or other institution to be used for research in social science or statistical research to the extent of a sum equal to 125 per cent of the sum so paid.

Under section 35(1)(iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times of the amount so paid.

As per section 35(2AB) of the Act, a company engaged in the business of biotechnology or in any business of manufacture or production of specified article or thing will be entitled to a deduction of 200 per cent of the expenditure incurred on in-house research and development facility subject to authorization of certain conditions specified therein.

As per the CBDT press release dated 20 November 2015, the above stated deductions viz. 35(1)(ii), (iia), (iii) and 35(2AB) are proposed to be restricted to 100% from the FY 2017-18.

### 2.6 Section 115-O of the Act - Tax on distributed profits of domestic companies

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and cess). As per sub-section (1A) to section 115-O, the domestic Company, for computing

the dividend distribution tax, will be allowed to set-off the dividend received from its subsidiary company during the respective financial year against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

For the purpose of section 115-O, a company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

However, the same amount of dividend shall not be taken into account for reduction more than once.

As per sub-section (1B) to section 115-O with effect from 1 October 2014 the amount of dividend declared by the domestic company (as reduced by the amount referred in sub-section 1A) would be required to be grossed up for the purpose of computing the tax on distributed profits such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits.

**2.7 Section 115BBD of the Act - Concessional rate of tax on dividend from foreign subsidiaries**

Dividend received by the Company from a foreign company, in which it holds not less than 26% of the equity share capital is taxed at concessional rate of 15% (plus applicable surcharge and cess) under section 115BBD of the Act. The Finance Act, 2014 has extended the concessional rate of 15% without limiting it to a particular assessment year.

Any expenditure incurred in relation to earning such dividend shall not be allowed as a deduction while computing its taxable dividend income.

**2.8 Section 115JAA of the Act - Credit of Minimum Alternate Tax paid**

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay Minimum Alternate Tax at a rate of 18.5% (plus applicable surcharge and cess) of the book profits.

Minimum Alternate Tax paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit shall not be carried forward for set off beyond the tenth assessment year immediately succeeding the assessment year in which the tax credit becomes available.

**2.9 Tax treaty benefits**

As per the provisions of section 90 of the Act, for taxes on income paid in foreign countries with which India has entered into Double Taxation Avoidance Agreement, the company will be entitled to the deduction as prescribed in the respective tax treaty from the Indian income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in foreign countries. Further, the company as a tax resident of India would be entitled to the benefits of such tax treaties in respect of income derived by it in foreign countries. In such cases the provision of Act shall apply to the extent they are more beneficial to the company.

Section 91 of the Act, provides for unilateral relief in respect of taxes paid in foreign countries.

**2.10 Recent initiatives undertaken by the Central Board of Direct Taxes (CBDT)**

Recently the CBDT had taken initiatives in favour of taxpayers. Provided below are the relevant initiatives:

- CBDT has clarified that for cases prior to 1 April 2016, where even after making additions/ disallowances under normal tax computation, the income is assessed under MAT provisions, no penalty under section 271(1)(c) of the Act will be attracted with reference to such additions/ disallowances. However, if any adjustment is made while computing MAT liability, penalty under section 271(1)(c) of the Act will depend on the nature of adjustment.

- CBDT has clarified that w.e.f. 1 April 2001, the provisions of section 115JB of the Act, shall not be applicable to a foreign company (including an FII/FPI) if (i) Foreign company is a resident of a country with which India has a Double Taxation Avoidance Agreement and such company does not have permanent establishment; or (ii) Foreign company is a resident of a country with which India does not have Double Taxation Avoidance Agreement and such company is not required to register under section 592 of the Companies Act, 1956

- The CBDT has specified the monetary limits for departmental appeals before Income Tax Appellate Tribunal and High Courts and SLP before Supreme Court with a view to reduce litigation. It provides that henceforth, no appeal shall be filed in cases where 'tax effect' does not exceed the monetary limits specified therein. It further provides detailed definition of 'Tax effect'.

- The CBDT has instructed the setting up of Local Committees to quickly resolve taxpayer's grievance arising on account of High-pitched and unreasonable additions made by the Assessing Officer. It further provides for the constitution and membership of the Local Committees and the procedure to be followed by them.

- CBDT has issued the draft Guidance Principles formulated by the CBDT for determination of Place of Effective Management (POEM), which is necessary to determine the residence of a company vide the Finance Act, 2015. It had invited comments and suggestions from stakeholders and general public.

## 3. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

**For resident shareholders:**

3.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2 Income arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT. These assets turn long term if they are held for more than 12 months.

However, such exemption will not be considered while computing tax payable under the provisions of section 115JB of the Act where the shareholder is a corporate shareholder.

3.3 Gains arising on the transfer of long term asset are chargeable to tax in the hands of the shareholder at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than a unit) or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

3.4 In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above shall be exempt from capital gains tax if the gains are invested in specified bonds within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

3.7 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.2 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis. Where the asset is transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

3.8 Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term capital Loss computed for the given year is allowed to be set-off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.9 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

**For non-resident shareholders**

3.10 Dividend income earned on shares of the domestic Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.11 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These assets turn long term if they are held for more than 12 months.

3.12 In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point 3.11 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as

was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

3.13 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments, not covered under points 3.11 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess).

3.14 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to Securities Transaction Tax.

3.15 In accordance with, and subject to the conditions, including the limit of investment of Rs 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above shall be exempt from capital gains tax if the gains are invested in specified bonds within 6 months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

3.16 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 3.11 above held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis. Where the asset is transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

3.17 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.18 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.19 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.20 Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point 3.11 above.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point 3.11 above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

f) The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax at the rate or rates specified in Chapter XII;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

**For shareholders who are Foreign Institutional Investors (FIIs):**

3.21 Dividend income earned on shares of the domestic Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.22 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

3.23 As per the amendment made by Finance Act No. (2), 2014, transfer of any shares/ securities (other than those held as stock in trade as referred to point 3.22 above) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains, from AY 2015-16 onwards.

3.24 Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

3.25 Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 3.24 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

3.26 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.27 Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point 3.26 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.28 Under the provisions of section 90(2) of the Act, a FII will be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of residence of the FII and the provisions of the Act apply to the extent they are more beneficial to the assessee.

3.29 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent 8 assessment years.

3.30 As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

3.31 The Finance Act, 2015 provides that the following specified incomes of foreign companies will not be subject to MAT under section 115JB of the Act with effect from FY 2015-16:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

**For shareholders who are Mutual Funds:**

3.32 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

**For Venture Capital Companies/ Funds:**

3.33 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative

Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.34 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

## II. UNDER THE WEALTH TAX ACT, 1957

As per the amendments to section 3(2) of the Wealth Tax Act, 1957; the Wealth Tax Act, 1957 has been abolished from FY 2015-16 and is not applicable from AY 2016-17 onwards.

## III. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents [other than LTCG exempt under section 10(38) of the Act] may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act.

**Notes:**

1. As per the Finance Act, 2015 (FA), surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income exceeds Rs. 1 crore.

   In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 12%.

   In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 1 crore but not exceeding Rs. 10 crore. Where the total income exceeds Rs. 10 crore, surcharge shall be levied at the rate of 5%.

   In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.

2. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

3. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
   In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

5. No assurance is given that the Revenue authorities/Courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

6. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the FA. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act.

7. The information provided above sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

*Certain information contained in this section is derived from the reports "Industry Overview and Trends – India" and "IT Security Market India - Inferences" by Zinnov Management Consulting, both dated September 2015 (the "Zinnov Reports"). Information in the Zinnov Reports reflect estimates based on sample survey, projection techniques and other research tools. References to Zinnov Management Consulting should not be considered as Zinnov Management Consulting's opinion as to the value of any security or the advisability of investing in our Company. Neither we nor any other person connected with the Offer has independently verified information contained in this section. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Unless otherwise specified, references to years in this section are to calendar years.*

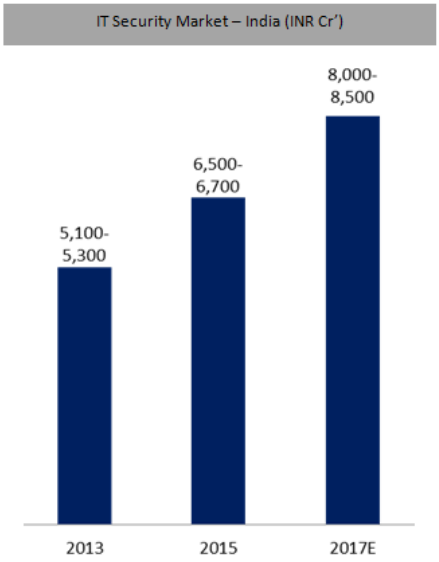
**India - The Value Proposition**

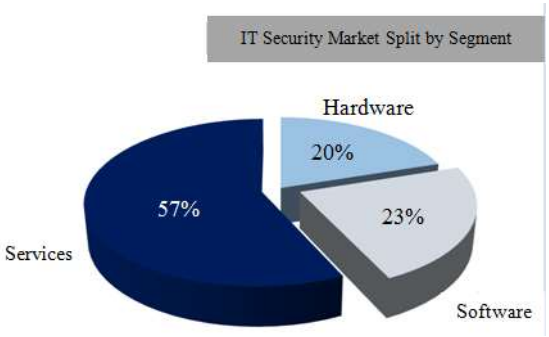
India is emerging as a significant market for security services and products as organisations across various verticals are now investing in building a robust security infrastructure. With the increase in adoption of smart devices, organisations in India have become particularly vulnerable. With the rise in IP traffic and data growing at a rapid speed, networks are being threatened like never before. The new threat landscape has taken many shapes and definitions. The weakest link in the security apparatus is an employee with access to organisational systems through his own device. These threats are commonly attached with the concept of Bring Your Own Device (BYOD). IT security issues on cloud environments have almost reached the same level as attacks on traditional IT, with increased adoption of cloud-based services by the enterprise. Securing critical data in the cloud, even a private cloud, can pose serious security risk when moving data and applications from conventional enterprise data centres into cloud environments, especially public clouds. Even in private clouds, financial organisations face increased risks posed by having multiple data sets and applications sharing the same physical services.

Cyber-attacks on India are increasing and these cyber attacks originate from the cyber space of a number of countries. The future of cyber-security in India will involve a tripartite model wherein the government, the organisation and the individual should work together to secure information and information assets in a concerted unified manner. This will require enhanced collaboration and communication of security techniques among individuals, executives and industry organisations, as well as potential future improvements in legal exposure and assistance in regulatory compliance.

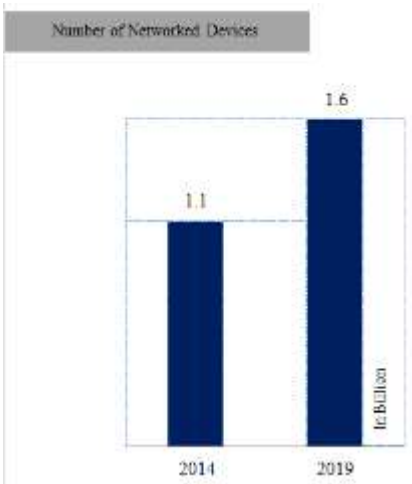
In 2013, the IT security market was valued over ₹ 5,000 Crore, due to the rapid adoption of IT security solutions and services by enterprises of all sizes, this value is expected to grow by 12% to reach ₹ 6,600 Crore in 2015, with hardware, software and services making up 20%, 23% and 57% of the share respectively.

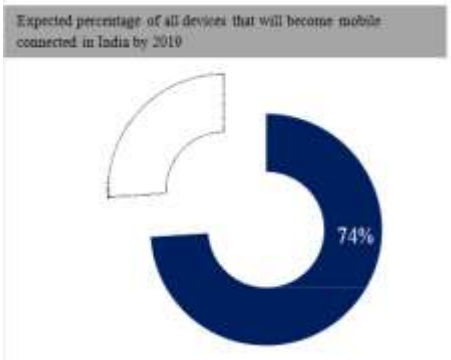
Weak security has direct impact on business operations. This impact can be as major as losing proprietary intellectual property or worse, customer trust. A cyber-attack can set a company years behind in product development, revenue, and reputation; security is now a board-level conversation. Companies recognise the threats and vulnerabilities and are adopting measures not just to detect these threats but also prevent and fight back. In India several government initiatives and Public-Private Partnership (PPP) efforts towards educating the end consumer are gathering pace. This, along with several other factors, will see the IT security market cross ₹ 8,000 Crore mark by the end of 2017.



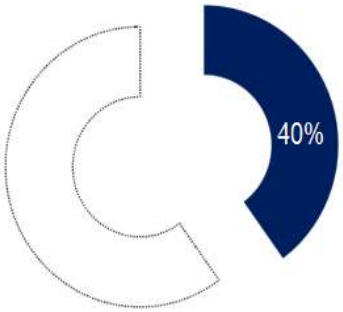




The driving factors behind this growth are the increasing number of security issues for which bigger budgets are being allotted to IT and regulatory forces. Corporate spying and hacking for socially motivated purposes have also encouraged organisations to spend more on keeping important data safe from digital thieves. Organisations today are increasingly more aware of security considerations in India, driven by factors like highly visible security incidents, and regulatory focus on security and privacy. Enterprises in India that traditionally did not focus on, or invest in a lot of security technologies are now beginning to realise the implications that a weak security and risk posture can have on their business. Verticals like banking and financial services have a strong focus on security and are now investing in technology that can enable them to grow their business securely. Vertical markets, such as banking and financial services, that have had a strong focus on security are now preparing themselves for the third era of IT digitalisation by investing in technology approaches that can enable them to grow their business securely while embracing digital business models. Leading security adopters from mature technology buying segments, such as banking, financial services and insurance (BFSI), telecom, oil and gas, and utilities, are looking to enhance their deployment of preventive security controls with continued focus on security operations and incident response, with a view towards protecting against advanced targeted attacks. Since the industry has now matured, it is expected to focus on spending towards more enhanced tools to tackle advanced cyber threats. The businesses, which have higher dependency on Internet like e-commerce or those with sensitive information such as BFSI, telecom, or the government, will prioritise IT security in terms of annual expenditure.



Expected percentage of smartphones in all network devices by 2019

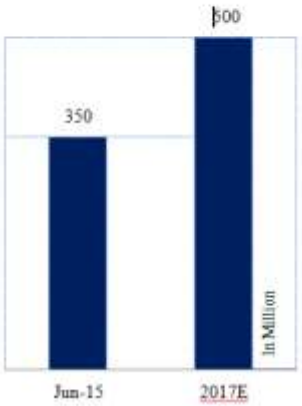



**IT Penetration in India**

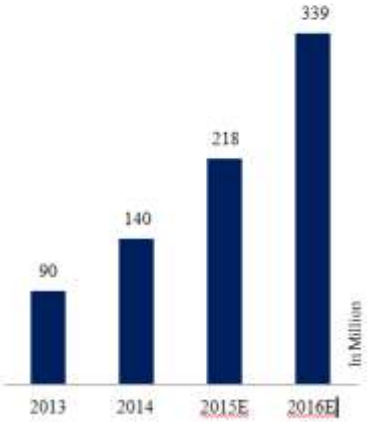
As of June 2015, India has over 350 million Internet users and is the second largest user base in the world. By 2017, this number is expected to reach an impressive 500 million, but a poor penetration rate (A measure of amount of sales or adoption of a product or service compared to the theoretical market for that product or service) of 19% (approx.) limits the potential. The adoption of mobile Internet is expected to drive the growth of Internet penetration. Urban areas in India have "number of wireless telephone connections" for every hundred individuals living within an area of 142.39%, the same number for the rural area was only 44.32%, as of September 2014.

Users accessing the Internet through their mobile devices have become a key driver for the increase in overall Internet subscriber base in the country. As of February 2015, only 13% of subscribers in India were using 3G and 4G networks. Based on Cisco's 2014 VNI Mobile Forecast, India is at the lower-end of global use of data, in that mobile users average 149 MB per month, this data average is reflective of conditions where, 47% of network capacity is driven by streaming audio and video and 15.3% of connections are via smartphones. The increase in Internet users is mainly driven by a significant growth in smartphone subscription in India that witnessed a growth of 55% to reach 140 million subscriptions for the year. Smartphones account for around 15% of the total mobile subscriptions in India and 11% of Indian population is smartphone users as on now. 65% of India's Internet traffic as of May 2015 was driven by mobile devices.

Expected Growth in Number of Internet Users

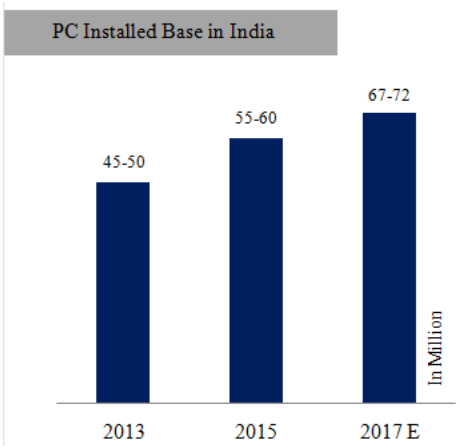


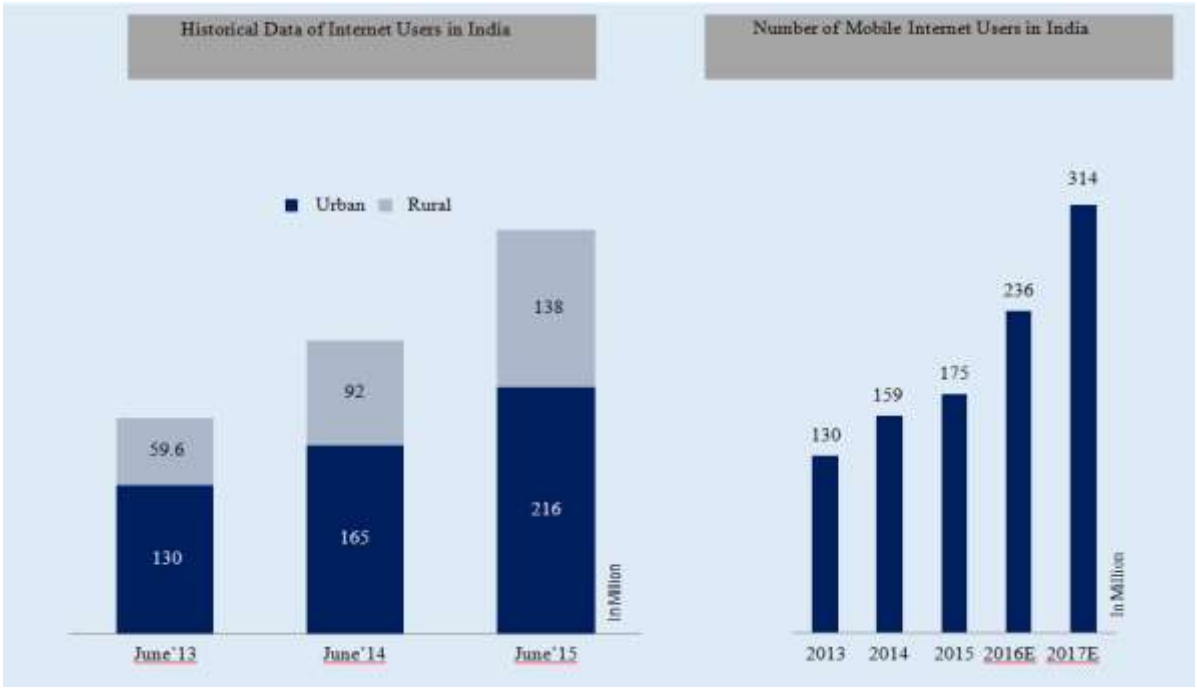

Growth in Smartphone Subscription




India has a large personal computer installed base of 55-60 million, growing at a rate of over 9% and is expected to reach around 70 million by 2017. Out of the total number of PCs installed, 55% are used by individual consumers and the remaining 45% by businesses and institutions.

The number of mobile Internet users in India is expected to rise to 314 million by 2017, nearly double the 159 million it had at the end of 2014.

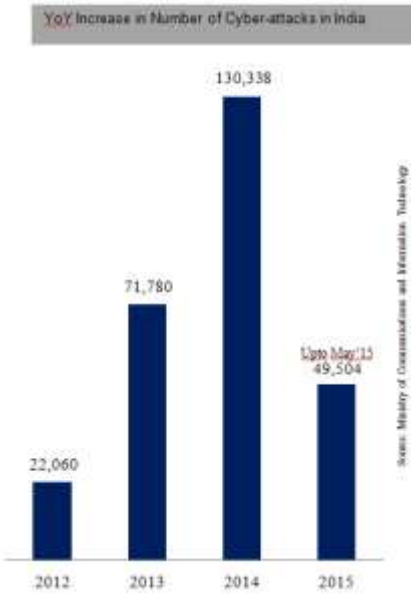


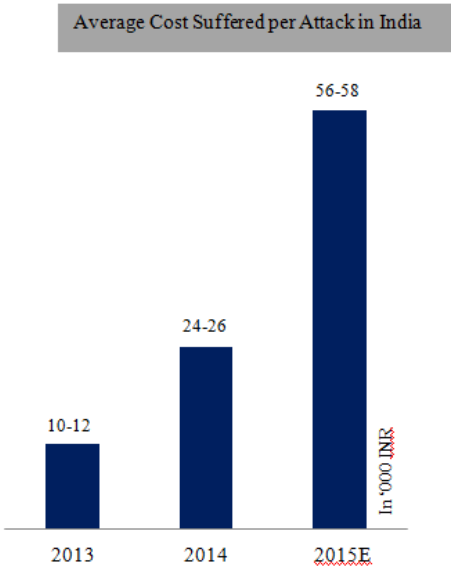




**Need for IT Security**

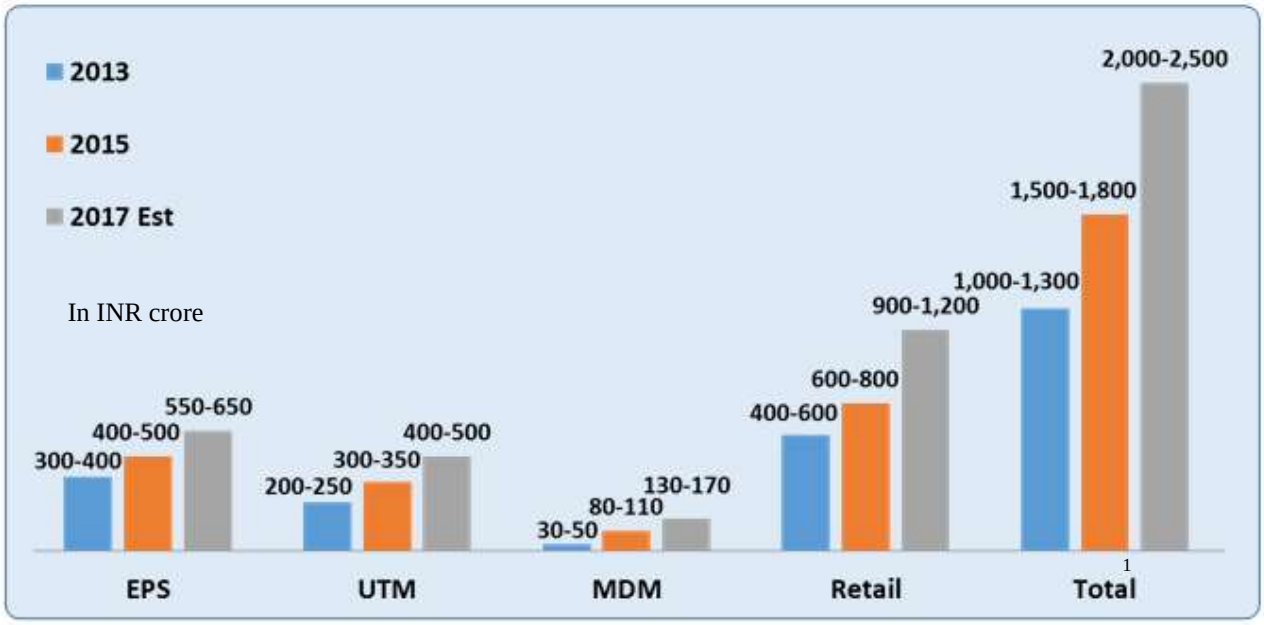
The number of cyber-attacks in India was nearly 50,000 during the first five months of 2015. The trend in increase in cyber-attacks is similar to that worldwide. A total of 27,605 and 28,481 websites were hacked during the year 2012 and 2013, respectively in India. In the year 2014 and 2015 (up to May), the number was 32,323 and 9,057, respectively. India is also in the Top 10 countries with the largest number of reported attacks involving Trojans capable of sending SMS to premium short numbers.

Cyber security threats today have become increasingly sophisticated and complex. Organisations, however, have not been able to evolve at the same pace. As organisations move ahead and embrace new technologies without fully comprehending the implications these have on the entire enterprise, they are rendering themselves vulnerable to an array of cyber security threats. The need for securing the IT infrastructure has been of prime importance for many organisations. While threats like malware / virus / phishing / trojans continue to pose a threat, organisations as well as individuals have plenty of options to secure their offices and homes from such attacks. The cyber security market is currently undergoing unprecedented growth and development due to a wide variety of internal and external factors.




**Product Segments – IT Security Market**




| CAGR¶ | Time Frame | EPS | UTM | MDM | Retail |
|---|---|---|---|---|---|
| | 2013-2015 | 10-15% | 15-20% | 45-50% | 10-15% |
| | 2015-2017 (E) | 10-15% | 15-20% | 25-30% | 20-25% |

The IT security market comprising of MDM, UTM, EPS and Retail (as defined below) segments is expected to be around ₹ 1,500-1,800 Crore with the Retail segment contributing the largest share to the overall market. Quick Heal Technologies Limited offers solutions across all four of these segments and is a market leader in the Retail segment with over 30% market share.

**Retail Market**

The Retail market standing at around ₹ 600-800 Crore comprises of the antivirus products meant for the home user. Retail offerings have a plethora of features apart from the usual virus and spyware scan. They enable safer online transactions for the home users, allow the users to plug and scan mobile devices and also offers stealth

mode surfing along with the traditional firewall. Cloud based email security monitors all email activity to and from the system. Real time cloud-based antivirus restricts access to malware infected, fraudulent and phishing websites and also protects against data theft. The solution offers parental control to monitor child Internet access. This segment is expected to grow at a rate of 20-25% YoY.

**End Point Security (EPS)**

The second largest contribution comes from the EPS segment which is around ₹ 400-500 Crore and is expected to grow at 10-15% YoY. It includes features for advanced device control; the administrators have access to comprehensive knowledge about the hardware and software configuration of every endpoint. It also includes an intelligent firewall, application control advanced detection of threats and empowers the administrator to have centralised control for updating all connected systems.

**Unified Threat Management (UTM)**

The UTM market is around ₹ 300-350 Crore, witnessing a growth of 15-20% YoY. It not only protects against intrusion but also enables content/spam filtering, intrusion prevention plus the traditional anti-virus protection. The UTM solution empowers the administrator to block or allow protocols for individual users as well as user groups. The solution also includes features like email traffic monitoring, content filtering, and virtual networking enablement (site to site, user to site). At the management level, the solution offers bandwidth management, load balancing and automatic link failover and also facilitates comprehensive IT policy management.

**Mobile Device Management (MDM)**

The MDM segment is the fastest growing segment among the four segments. Witnessing a YoY growth of 25-30%, the MDM market is currently valued around ₹ 80-110 Crore. Mobile security offers protection against virus attacks, theft and unwanted contacts. Features include device scan, privacy setting option with call and message filter, intrusion detection and remote device management to track lost devices. It also incorporates a personal security feature to send SOS messages in time of need.

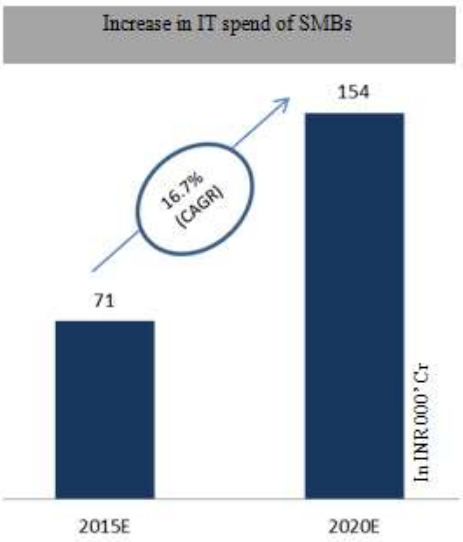
With the rapid adoption of smartphones in India and the growing trend of BYOD at workplaces, this segment is considered to be of key strategic importance among the IT players in the market.

**The SMB Story in India**

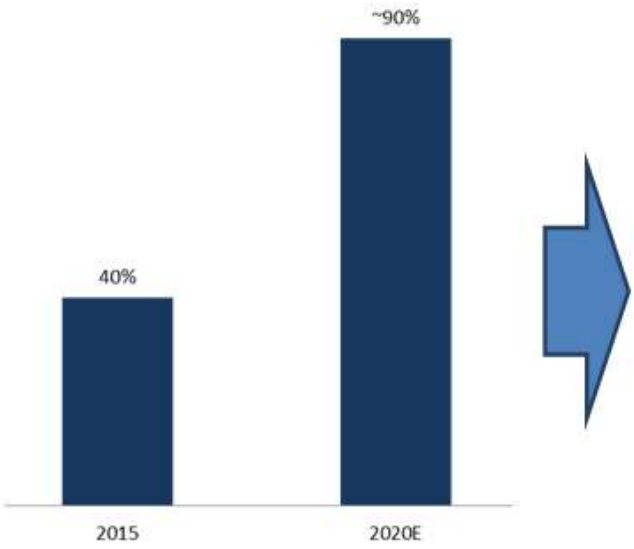
**SMB Landscape:**

India is currently home to 51 million SMBs, employing over 40% of India's workforce amounting to about 116 million people. The SMB sector contributes 38% of the national gross domestic product and comprises 40% of India's total exports. In terms of technology adoption, SMBs are likely to spend around ₹ 71,300 crore in 2015 on IT products like Social, Mobility, Analytic and Cloud (SMAC) etc. By 2020 this expenditure is expected to rise to ₹ 154,800 crore with a CAGR of over 16%.

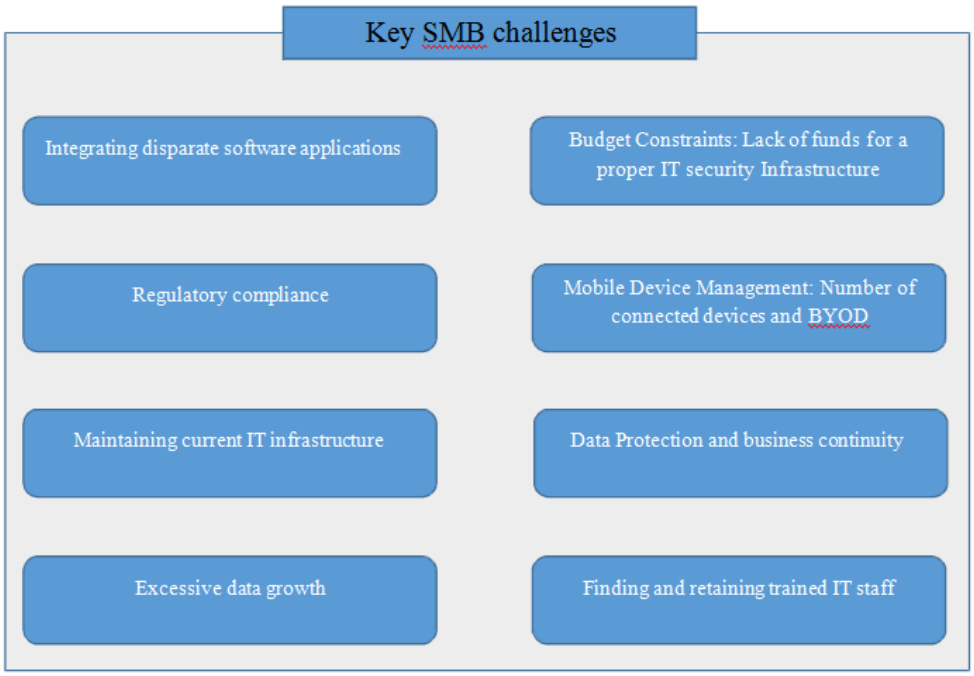
Out of the base of 51 million SMBs, around 12 million have high degree of technology influence and are looking to adopt new IT products.




'Percentage of Tech Influenced' SMBs



The SMB segment is a key driver for the Indian IT sector. Players from various industry verticals are gearing up to be technology-ready and are heavily investing in latest technology. By the end of 2015, 40% of SMBs will be technology-influenced which is expected to increase to ~90% by 2020. Professional services will be the biggest contributor in the total base of technology-influenced SMBs in 2015 with a share of around 19% followed by the Retail vertical with 18%, and Manufacturing and Travel & Logistics with 14% each. Restaurants & Hospitality, Education, Real-Estate and Auto & Auto Ancillaries will contribute 10%, 9%, 8% and 4%, respectively.




Regardless of various initiatives and strategies adopted to promote the small and medium enterprise segment, Indian SMBs are forced to tackle multiple challenges to nurture their business which leads to IT security issues. Internet connectivity is the easiest way to breach any organisation's premises and hamper its day-to-day functionality. Secondly, to process in an efficient manner, it's very important for SMBs to use technology which requires implementation of various software and hardware products. Integrating disparate products can also create risks for the in-house IT infrastructure and loss of valuable information. Lack of funds is another big concern for SMBs which restricts them to use unauthenticated products which is also a key reason behind cyber-attacks. As adoption of mobile devices and BYOD policies become basic necessities to run businesses, they have also allowed unwanted malwares from other networks to enter the in-house networks of SMBs.

**Emerging Opportunities**

**Digital India**

This aims at the creation of a robust IT infrastructure and the delivery of all services digitally thus reducing paperwork. It also plans to connect rural areas with high speed Internet networks. At the start of this project top CEOs from India and abroad committed to invest ₹ 7,100 Crore towards the initiative.

As Digital India and the concept of Smart Cities takes shape, security needs to be considered as integral part rather than an afterthought. The increasing synchronisation and interpretation of existing digital data and processes within government departments will require greater security postures while keeping critical data flowing in such a discouraging threat environment.

**100 Smart City Plan**

This plan aims at developing 100 smart cities as satellite towns or larger cities. Over the span of next three years, the central government plans to recognise 100 cities and in collaboration with the state governments fund these cities, aiming for better infrastructure which includes robust IT connectivity and digitisation. A total of ₹ 48,000 crore will be spent on this project by the central government and an equivalent amount by the state government over the next five years.

**Internet of Things & Home Automation**

By 2020, India is expected to have 2.7 billion connected devices comprising of 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 is a seamless connected network of embedded

objects/devices, with identifiers, in which M2M (Machine to Machine) communication without any human intervention is possible using standard and interoperable communication protocols. Interestingly phones, tablets and PCs are not included as part of IoT. Home automation segment includes centralised control of lighting, HVAC (heating, ventilation and air conditioning), appliances and security locks. The home automation segment has the potential to grow at 30% CAGR in the next five years.

As IoT is pushing the connectivity of everyday items, conceptual hacks against refrigerators and cars have been reported. As per a study, the real threat from IoT will likely occur in the business segment. Every new Internet-connected device in a business environment uses new protocols, presenting new ways to hide malicious activity and thus increasing the business attack surface. The basic idea is to use control of a simple connected device to move laterally within an organisation to steal valuable data. The study also predicts that in the coming years, manufacturing and industrial environments, in particular, are likely to see an increase in attack volume.

## OUR BUSINESS

*The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Prospectus, including the information contained in "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company" and "Financial Statements" on pages 17, 302 and 192, respectively.*

### Overview

We are one of the leading providers of security software products and solutions in India with a market share of over 30% in the retail segment according to the Zinnov Industry Report. Our end customers include home users, small offices and home offices (SOHO), SMBs, enterprises, educational institutions, as well as government agencies and departments. Our proprietary antivirus technology, which is based on an innovative behaviour and threat detection system, works to detect security threats including virus and malware attacks in real time to protect our users' IT assets across platforms, including Windows, Mac, Android, iOS and Linux, and across devices, including desktops, laptops, mobile/ smartphones and tablets, while aiming to ensure resource availability, business continuity and an uninterrupted digital experience. Our portfolio includes solutions under the widely recognised brand names "Quick Heal" and "Seqrite" for desktop and laptop security, mobile / smartphone security, endpoint security, gateway security, network security, cloud-based mobile device management (MDM) systems, data loss prevention (DLP) systems and family safety software. Since our incorporation, more than 24.5 million licenses of our products have been installed and as of December 31, 2015, we had over 7.13 million active licenses spread across more than 80 countries.

Our security software solutions are structured to be user friendly and can be accessed, installed and used with minimal effort and limited technical knowledge. We provide support services to our end users in English, Hindi and several other major regional Indian languages. Our home users are usually required to purchase an annual or multi-year license. Our SMB, enterprise users, educational institutions and government customers may purchase single or multiple user licenses which may be renewed annually or every three years. We take regular feedback from our large user base which enables us to understand the needs of our users better and helps us to innovate and design improved solutions. Our sales and marketing activities benefit from word-of-mouth recommendations from our large user network to create a viral marketing effect, which is amplified by the speed, ease of use and quality of our solutions, and allows us to gain new customers at a low acquisition cost. We also invest in advertising and sales promotion activities across various media channels that further increase our brand recognition among our existing and potential users.

We sell our solutions directly and through distributors, whom we refer to as channel partners, who in turn distribute our solutions through resellers. We have established strong, sustainable and long-term relationships with our channel partners. Our home users and other users including SMBs may purchase our solutions in stores, online and through our retail channel partners. End users such as enterprises, educational institutions and government customers may purchase our solutions directly from us, through our enterprise channel partners as well as through system integrators who package our solutions as part of their overall product offering. Our internal sales team and channel partners collaborate to identify new sales prospects, sell solutions, and provide after-sale support.

We believe this distribution model helps us to deliver our solutions to a large addressable market, distributed across a broad geographic spectrum, at low costs. As at December 31, 2015, we have a network of over 19,000 retail channel partners, 349 enterprise channel partners, 319 government partners and 944 mobile channel partners. This approach also allows us to maintain connectivity with our end users, including key enterprise accounts, and helps us support our channel partners, while leveraging their distribution reach and capabilities. For more details, see "*Our Business— Sales and Distribution*" on page 149.

We have been successful in augmenting our portfolio of solutions over time through continuous R&D and in-house development which we believe is a key differentiator of our business model. As of December 31, 2015, we had 1,396 employees, including 547 employees who comprise our R&D team. Over the three fiscal years ended March 31, 2015, we have introduced solutions for mobile and tablet security, as well as MDM and DLP systems. We continue to invest in our existing solutions and for developing new solutions towards applications like Internet of Things (IoT) security and home automation security systems.

Our Company was incorporated in 1995 and our registered office is located in Pune, India. As of December 31, 2015, we conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India and, through our Subsidiaries, that are present in Japan, Dubai, the United States and Kenya. Our technical innovation

and business achievements have earned us multiple industry awards including the CRN Channel Champion Award for Client Security in 2014 and 2015 and the DQChannels Channel Satisfaction Survey 2015 in the category of antivirus vendors. In 2010, we were awarded the Deloitte Fast 50 award which recognised us as one of India's 50 fastest growing and dynamic technology companies (based on revenue growth over the past three years as of then). In addition, Kailash Sahebrao Katkar, our Promoter, Managing Director and Chief Executive Officer, was honoured with SME Channels' "IT Entrepreneur of the Year" award in 2014. On August 18, 2015, our Company was awarded the "Make in India Excellence 2015" award for its contribution towards the economic growth of the country. Our solutions have also been certified by AV-Test and AVComparatives.

For the six months period ended September 30, 2015, we generated total revenue of ₹1,522.74 million, Gross Profit ₹ 1,358.16 million, EBITDA of ₹ 439.99 million and restated profit for the period of ₹ 242.24 million. For the fiscal year ended March 31, 2015, we generated total revenue of ₹ 2,943.37 million, Gross Profit ₹ 2,606.19 million, EBITDA of ₹ 918.03 million and restated profit for the year of ₹ 538.04 million. For the five fiscal years ended March 31, 2015, our total revenue, Gross Profit, EBITDA and restated profit for the year grew at a CAGR of 21.94%, 20.97%, 13.07% and 8.67%, respectively.

We currently report our results across two segments, within India and outside India, based on the geographic areas in which we have major operations. For the six months period ended September 30, 2015, we derived 97.34% and 2.66% of our revenue from sales to users within India and outside India, respectively. For fiscal year 2015, we derived 97.31% and 2.69% of our revenue from sales to users within India and outside India, respectively.

We categorise our sales as retail sales and other sales. We define retail sales as all sales, other than those through our enterprise channel partners, government partners, mobile channel partners and sales outside India. Based on this definition, other sales refers to sales where our sales team works closely with the enterprise, government and mobile channel partners, as well as the eventual end users, such as enterprises and government customers, to sell our solutions. For the six months period ended September 30, 2015, we derived 86.76% and 13.24% of our revenue from retail sales and other sales, respectively. For fiscal year 2015, we derived 86.67% and 13.33% of our revenue from retail sales and other sales, respectively.

**Strengths**

We believe we are well-positioned to capture market opportunities and to benefit from the expected growth in the market through our competitive strengths, which principally include the following:

***Large Portfolio of Easy-to-use, High-quality Solutions***

We provide high-quality feature-rich security software solutions for home users as well as SMBs, enterprises, educational institutions and government customers that can be deployed or accessed with minimal effort and limited technical knowledge, are user-friendly, effective, efficient and endeavour to offer a superior user experience. We offer a broad range of security software solutions under the brand names "Quick Heal" and "Seqrite" and our solutions have earned a variety of awards and certifications from industry groups and publications including AV-Test, VB 100, ICSA Lab and OPSWAT. We offer various security software solutions to meet diverse user requirements which are spread across multiple price points. Our R&D team works on regular feedback shared by our users and tracks various evolving security threats to define, improve and customise solutions to meet our users' security requirements. Many of our enterprise and government end users have stringent enterprise technology criteria, and their adoption of our solutions has helped us continuously validate our quality and value proposition. For example, our enterprise users include Gitanjali Gems Limited, Sardar Patel University, Bombay Hospital, Indore, Aimil Limited, National Steel and Agro Industries Limited, Bharati Sahakari Bank Limited, Pune, and Chartered Speed Private Limited among others. For more details on our various solutions, see "*Our Business — Product Descriptions*" and "*Our Business — Case Studies*" on pages 147 and 148.

***Recognised Brand Name and Positive Reputation***

Our proven track record of execution over two decades has contributed to our reputation and leading market position in India for providing security software solutions. We are one of the leading providers of security software products and solutions in India with a market share of over 30% in the retail segment according to the Zinnov Industry Report.

Our "Quick Heal" and "Seqrite" brands are widely recognised across India and we continue to invest in various

brand building initiatives. We have grown our user base through our solutions offerings and our end users' trust in our ability to protect their data and systems. We were recognised as India's number 1 antivirus vendor by the DQChannels Channel Satisfaction Survey 2015. In addition, our product for SMBs, Seqrite Endpoint Security, was awarded the IMC IT Award in the category of IT products for Small and Medium Enterprises in 2015. Such awards and recognition demonstrate our customers' trust in and satisfaction with our solutions.

Our strong brand name and reputation are further enhanced by our presence across leading newspapers, magazines, top national news and entertainment TV channels, and FM radio channels in India. We advertise across a number of newspapers and magazines in English and other major regional Indian languages. On TV, we advertise across various channels, including major national news and entertainment TV channels in India. We often advertise during broadcasts that have large viewership such as the broadcast of the Indian Premiere League cricket matches, popular TV shows such as Kaun Banega Crorepati (KBC, or Who wants to be a millionaire, in Hindi) and Filmfare movie awards ceremonies. We also advertise on several popular radio stations covering major cities and towns during high traffic hours. For the six months period ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, expenditure on advertising and sales promotion was 5.92%, 9.79%, 8.83% and 8.86%, respectively, of our total revenue for these periods.

***Large and Diverse User Base***

As one of the leading providers of security software solutions, we had over 7.13 million active licenses as on December 31, 2015 spread across more than 80 countries. We seek to drive greater user engagement with our security software solutions and, over the long term, building a relationship based on trust. There is a robust user community for our various solutions and we continuously take feedback from our users to enable us to better understand customer needs and requirements and help us design better solutions. We also proactively upgrade our solutions on a continuous basis to address evolving security threats, and continue to provide up-to-date protection to our user base. We believe we offer security software solutions at competitive costs that provide a compelling value and quality proposition for customers not already using our solutions and also drive the retention of our existing customer base.

We are committed to providing high quality and timely solutions for our end users and hence place strong emphasis on product quality and efficient customer services. We provide multi-lingual end user support in English, Hindi and several other major regional Indian languages. In addition, we also provide multi-modal support to our users through phone, email, sms, online chat and remote access. We also provide ground support and onsite support for our non-home users. In addition, data sheets, product videos and manuals are available on our website for various solutions which provides users with information regarding the technical specifications of our solutions and also helps them in installation of our solutions. Users may update and upgrade solutions online. 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 to resolve any customer issues in a more time-efficient manner thereby helping us to increase user satisfaction and retention.

***Strong and Diversified Channel Network***

As of December 31, 2015, we have over 19,000 retail channel partners, 349 enterprise channel partners, 319 government partners and 944 mobile channel partners, who act as the distributors and resellers of our solutions, and we conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India. As of December 31, 2015, our Sales & Marketing team comprised 400 employees who work closely with our channel partners.

We are not dependent on a single or small group of channel partners for the distribution of our solutions, and seek to establish and maintain collaborative relationships with various channel partners. We believe that the distribution reach and selling capabilities of our extensive channel partner network will continue to drive our business growth and provide us a competitive advantage in the market as well as serve as a barrier to entry for new entrants. In order to maintain a healthy relationship with our channel partners and coordinate business development activities effectively, we host regular meetings with our channel partners to discuss the challenges encountered by them, and find suitable solutions. These solutions are aimed at enhancing overall channel partner satisfaction and may address issues like pricing, our channel partner rewards system, end user satisfaction and business development policies. We believe these meetings foster effective dialogue between our channel partners and us, and among the channel partners themselves, increase channel partner satisfaction and retention, and enhance our understanding of users' requirements as well as improve our market intelligence. We often organise and attend industry conferences and organise technical training programmes for our channel partners that provide support tools

including lead generation support. For more details on our channel partners, please see "*Our Business — Sales and Distribution*" on page 149.

***Significant R&D and Technology Capabilities***

We believe our R&D and technology capabilities represent our core competency and a key competitive advantage.

Our R&D division consists of various teams including Threat Research & Response team, Business Logic team, Development team, Incidence Response team, IoT security team and the Quality Assurance team, all of which have specific pre-defined roles, and enable us to comprehensively integrate and manage the entire R&D value chain from conceptualisation, design and prototyping, to testing, development and commercial release. We have devoted considerable resources to R&D, including our investment in anti-ransomware technology, behavioural detection system as well as antivirus technology for mobiles and tablets.

The technology used in our solutions is typically developed in-house, though we may license certain technology or other software and integrate that with our solutions as well. We have been granted four patents in the United States and we have one pending patent application in the United States. Further, we have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology. For example, our Advanced DNAScan technology uses behaviour-based detection method to determine whether a computer program is malicious or not based on its behavioural characteristics. It is effective against latest and emerging threats, and protects users against zero-day attacks. For instance, the recently discovered "CryptoLocker" family uses various advance obfuscation techniques to evade detection. Quick Heal's behaviour detection module successfully detects and blocks most of these "CryptoLocker" samples. Our various solutions are available across a wide range of platforms such as Windows, Mac, Linux, Android and iOS. In line 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. We are also working on IoT security and home automation security systems.

For the six months period ended September 30, 2015, we expensed ₹ 290.22 million on R&D-related expenses which formed 19.59%, of our revenue from operations (net) in this period. In fiscal years 2015, 2014 and 2013, we expensed ₹459.54 million, ₹ 312.07 million and ₹ 196.87 million, respectively, on R&D-related expenses, which formed 16.06%, 12.85% and 9.60%, respectively, of our revenue from operations (net) in these years. Our in-house R&D team comprised 547 employees, which was 39.18% of our total employees, as of December 31, 2015. Among them, 221 had obtained master's or higher degrees, and 326 had obtained bachelor's degrees or other degrees.

***Experienced Management Team and Qualified Pool of Employees Backed by a Venture Capital Investor***

We are led by a dedicated senior management team with several years of industry experience. We believe our senior management team is able to leverage our market position and their collective experience and knowledge in the security software industry, to execute our business strategies and drive our future growth. Our Promoters, Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar, who serve as Managing Directors, and are the Chief Executive Officer and the Chief Technical Officer, respectively, were early pioneers in the Indian software products industry and devised our Company's go-to-market strategy and business model, and have more than four decades of collective experience in the industry, in which we operate. In addition, we believe the strength and entrepreneurial vision of our Promoters and senior management has been instrumental in driving our growth and implementing our strategies. Our Managing Director and Chief Technical Officer, Sanjay Sahebrao Katkar, is a qualified computer engineer and heads our R&D and innovation efforts.

In addition, we have 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. For details, see "*Management*" on page 169.

Sequoia Capital, a venture capital investor, known for its investments in the technology space, invested in our Company in fiscal year 2011, and owns a 10.05% stake in our Company as of the date of this Prospectus, through Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III.

***Consistent Growth, Profitability and Cash Flow Generation***

We have grown consistently over the last few years and for the five fiscal years ended March 31, 2015, our total revenue, Gross Profit, EBITDA and restated profit for the year grew at a CAGR of 21.94%, 20.97%, 13.07% and 8.67%, respectively. For the six months period ended September 30, 2015, we generated total revenue of ₹ 1,522.74 million, Gross Profit of ₹ 1,358.16 million, EBITDA of ₹ 439.99 million and restated profit for the period of ₹ 242.24 million. For fiscal year 2015, we generated total revenue of ₹ 2,943.37 million, Gross Profit of ₹ 2,606.19 million, EBITDA of ₹ 918.03 million and restated profit for the year of ₹ 538.04 million. Further, we achieved Gross Margins of 91.65%, 91.09%, 92.13% and 92.38%, EBITDA Margins of 29.69%, 32.09%, 42.98% and 51.30% and restated profit for the year (period) margins of 16.35%, 18.81%, 24.04% and 37.51% for the six months period ended September 30, 2015 and fiscal years 2015, 2014 and 2013, respectively.

We have a proven track record of operations of over two decades and have a strong balance sheet as well as a stable cash flow profile. We have had positive operating cash flows in each of the last five fiscal years. In addition, as of September 30, 2015, we were completely debt-free. Further, we typically seek to work with creditworthy counterparties which enable us to optimise our cash flow management. We keep regular records of our receivables due, and follow up with our counterparties at regular intervals to ensure timely payments. As at September 30, 2015, March 31, 2015, 2014 and 2013, the ratio of operating cash flow to EBITDA was 0.78, 0.84, 0.58 and 0.64, respectively. As of September 30, 2015, we had current investments totalling ₹959.49 million which comprised investments in mutual funds (quoted), and cash and bank balances of ₹105.21 million.

**Strategies**

Our aim is to satisfy our end users, by developing compelling, differentiated and cutting-edge solutions that optimise and secure their IT data systems and assets.

***Retain and Expand our User Base***

We have a large home user base and are actively working to increase our presence in the SMB, enterprises, educational institutions and government customers market. We have separate internal teams that are focused on SMB and enterprise users, educational institutions and government customers. These teams help us in identifying opportunities and lead generation. The number of active licenses installed by our users has increased from 2.5 million as of March 31, 2011 to 7.13 million as of December 31, 2015.

We expect to continue to develop our offerings by adding features and functionalities tailored towards the SMB and enterprise customer segment, such as security and other functionality delivered on demand, or through a software-as-a-service model. We believe that there are significant opportunities in this segment, as these customers may often have little-to-no internal IT support, making them reliant on third-party solutions that are cost effective, high quality and easy to use.

We are working to actively expand the number of channel partners we work with, especially in so-called tier II and tier III cities and towns across India, so as to enhance our geographic penetration and sales in newer towns and cities to leverage the growth opportunities offered by them. We also intend to pursue additional customer acquisition strategies and to increase our sales and marketing efforts to further build brand awareness and accelerate the growth of our customer base. In addition, we expect to invest significantly in building our brand through advertising and sales promotion and intend to deploy ₹ 1,110 million from the Net Proceeds for this purpose. For details, please see "*Objects of the Offer — Advertising and Sales Promotion*" on page 105.

***Grow our SMB and Enterprise Business***

In fiscal year 2015, we introduced the "Seqrite" range of solutions especially aimed at our SMB and enterprise customers. According to the Zinnov Industry Report, there are nearly 51 million SMBs in India and these employ over 40% of India's workforce amounting to about 116 million people. The SMB sector contributes to 38% of the national gross domestic product and comprises 40% of India's total exports. In terms of technology adoption these SMBs are likely to spend around ₹ 71,300 crore in the year 2015 on IT products. By 2020 this expenditure is expected to rise to ₹ 154,800 crore with a CAGR of over 16%.

As IT adoption is on the rise among SMBs and enterprises, we see a greater need for security software solutions. Thus, we believe there exist significant opportunities for us to expand this business across India. We aim to leverage our existing infrastructure, channel partner relationships and market knowledge to provide solutions to such customers and are working closely with our enterprise channel partners to identify and target new SMB and enterprise accounts. We have set up a new sales team internally to exclusively focus on SMBs and enterprises, and in this space, we plan to mainly focus on manufacturing companies, banking, financial and insurance (BFSI) companies, healthcare, hospitality, educational institutions, government customers, emerging e-commerce companies and other services companies. We also intend to focus on SMBs and enterprises in certain geographies internationally such as the United States and Japan, respectively. As of December 31, 2015, we work with 349 enterprise channel partners and 319 government partners and are expanding our sales and distribution reach. We also have an internal team dedicated to identifying new opportunities among SMBs and enterprises which works closely with the dedicated sales team.

***Pursue International Growth Opportunities***

We are an established company with a proven track record of successful operations in India for over two decades. As of December 31, 2015, we sold our solutions globally and had end users in more than 80 countries. We believe that there exist substantial opportunities to grow our business internationally, especially our SMB and enterprise business. We have been focused on international expansion in recent years and in fiscal year 2012 we opened offices in the United States, in Japan in fiscal year 2013 and in Kenya and Dubai in fiscal year 2014, and expect to expand these offices in the near to medium term. We intend to mainly focus on SMB and enterprise customers in certain geographies internationally such as the United States and Japan. Further, we intend to mainly focus on the home user market in Kenya and Dubai, and may expand into the SMB and enterprise customers market in the future in these geographies. We may further invest in expanding our footprint in Africa (with a special focus on South Africa), the Middle East (including the United Arab Emirates) and South East Asia in the near to medium term. We have, in the past, explored and continue to explore opportunities on our own, through wholly owned subsidiaries, or through tie-ups, acquisitions, strategic alliances, partnerships or joint ventures in these countries and regions. While we are currently evaluating opportunities and speaking to several potential partners, we have not entered into any definitive agreements in relation to this.

We have recently entered into a preliminary term sheet to form a new company for a joint venture to distribute, sell and market our offerings in South Africa. We expect the other party to provide local market insight and currently propose to structure the joint venture company with us as a majority partner. We are currently engaged in legal and financial negotiations and we cannot assure investors that we will proceed with this investment in a timely manner, or at all.

For the six months period ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, we derived 2.66%, 2.69%, 2.36% and 2.17%, respectively, of our total revenue outside India. We plan to continue to market our products and solutions to users located outside India by investing in brand building and advertising and marketing activities in those geographies. Further, we also intend to expand our international sales and distribution network, by increasing the number of experienced sales personnel across geographies and are also working to augment the number of channel partners to strengthen our distribution network. Our R&D team is also focused on customising and localising our solutions to better address the needs of users in various international markets. For example, our solutions for home users are available in several major international languages such as Japanese, Spanish, Polish, Arabic and Italian.

***Strengthen our R&D Capabilities and Broaden our Portfolio of Solutions***

The security software industry is characterised by continuous advancement in technology. To maintain and advance our position in the market, we intend to continue to strengthen our R&D capabilities, which shall enable us to innovate and develop solutions with the latest technology for existing and upcoming platforms. In addition to continued R&D and technology investments in development of new solutions, we may pursue acquisitions of, or investments in, or licensing of, technologies that complement our portfolio. In our continuing effort to strengthen our R&D abilities, we propose to utilise ₹ 418.80 million of the Net Proceeds towards funding our capital expenditure for R&D activities. For more details, see "*Objects of the Offer — Capital Expenditure on Research and Development*" on page 107.

We believe we have built a strong reputation and brand name in the data security and cyber security industry and most importantly, with our end users, for continuous innovation and technological advances. Our objective is to continue to enhance and broaden our portfolio of solutions to address our customers' evolving needs, ultimately

driving greater customer growth, increased retention and revenue from new customer adoption. As of December 31, 2015, we had been granted four patents in the United States, have one pending patent application in the United States and have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology and are currently working on developing new solutions towards applications like IoT and home automation security solutions.

We had entered into a preliminary term sheet with an entity that is engaged in developing technology for home automation to make an investment not exceeding ₹ 60 million in this entity. We have recently signed definitive documents to proceed with this investment.

***Expand our Capabilities for Smartphones/ Mobile Devices***

The proliferation of smartphone/ mobile devices has created a diverse computing environment for users. We already offer several solutions, both free and paid, for mobile devices and intend to develop additional solutions that deliver functionality currently available for our desktop and laptop users to mobile devices, particularly smartphones and tablets. For example, we have entered into agreements with certain distributors of branded mobile phones whereby our Quick Heal mobile antivirus solution is offered by these distributors bundled with smartphones sold by them. In addition to mobile security solutions, we are also focussing on insurance for mobile phones. We have entered into an agreement with an insurance company regulated by the Insurance Regulatory and Development Authority (IRDA) and through our product, Quick Heal Gadget Securance, offer a mix of mobile security and handset insurance. In addition to security against viruses and malware, this product provides insurance cover against theft, burglary and physical, liquid and fire damage. We have an agreement with an IRDA regulated insurance broker that has enabled us to design the insurance scheme and implement it in accordance with IRDA guidelines. This insurance broker also handles claims processing and payments for admissible claims, for damages, theft and loss in accordance with the terms of the insurance scheme.

Our solutions are currently available for the Android, Windows, Linux, iOS and Blackberry platforms. As of December 31, 2015, we had more than 1.1 million active licenses for our mobile solutions. We currently offer a freemium product under the brand name Fonetastic Free, and believe there may be opportunities in the future to monetise some of our free solutions for mobile devices.

**Product Descriptions**

***Products for Home Users***

We provide a range of products for home users of desktops, laptops, tablets and smartphones/mobile devices. We offer both paid and premium versions of certain products. We usually offer a 30-day free trial period for most of our solutions for home users.

Below is a list of our products for home users:

***Products for Desktops, Laptops and Tablets***

- *Quick Heal Total Security*
- *Quick Heal Internet Security*
- *Quick Heal AntiVirus Pro*
- *Quick Heal Total Security for Mac*
- *Quick Heal Tablet Security for Android*
- *Quick Heal Total Security for Android*
- *Quick Heal PCTuner 3.0*

***Products for Smartphones/ Mobiles***

- *Quick Heal Mobile Security for Android*
- *Fonetastic Free*
- *Fonetastic Pro*
- *Quick Heal Gadget Securance*

All of our solutions are based on our patented Advanced DNAScan technology which is a part of the core antivirus engine. The Advanced DNAScan technology uses a combination of sophisticated detection tools for dynamic, speedy and efficient removal and repair of malware threats. It has the ability to detect viruses in the boot records before they have a chance to infect the system. It includes behavioural and characteristic inspection, as well as monitoring of unsafe programmes. This enables detection of zero-day attacks and unknown threats. Thus, a combination of features such as antivirus, antispyware, antimalware, anti-rootkit, IDS/IPS and silent firewall work together to provide maximum protection from security threats.

Quick Heal Total Security and Quick Heal Internet Security also come with the "safe banking" features that are designed to protect online banking activities from fraudulent websites and malicious programmes that steal financial information. These products are also equipped with the "browser sandbox" feature that acts like a screen between the computer and malicious threats. Quick Heal's "parental control" feature gives parents the freedom to decide when and how their kids should use the Internet, and how much.

The Quick Heal TrackMyLaptop feature helps to track the whereabouts of a lost or stolen laptop, tablet or smartphone. Other features include stealth mode which makes a system invisible in a network thus preventing malware attacks and automatic scans of external storage devices to protect USB drives from auto run infections. Certain of our products also allow users to secure data with Cloud backup. Our products for smartphones also help to set up call forwarding and blocking/filtering calls and messages.

***Products for SMBs, Enterprises, Educational Institutions and Government Customers***

We provide several products for SMBs, enterprises, educational institutions and government customers. We classify our enterprise security products across the following three main categories:

- *Endpoint Security*

We offer two solutions in this category, Endpoint Security Total and Endpoint Security Business. These products provide protection and control of desktops and laptops with centrally managed consoles and include Cloud-based mobile device management systems. These solutions use multiple inspection technologies and combine integrated protection with the flexibility of managing and controlling virus protection across various network sizes. We also offer mobile device management (MDM) and Seqrite Cloud. Seqrite Cloud is an integrated solution that allows the management and regulation of multiple endpoint security and TERMINATOR products (which are discussed below) deployed at different geographical locations. IT administrators from any location can easily connect to the Seqrite Cloud to view the latest security status, configure product policies, receive notifications and rectify critical network events from one single dashboard. It also facilitates policy configuration, backup and more actions on the Cloud for our enterprise products.

- *Gateway security*

These products are advanced gateway solutions with antivirus, firewall and web filters in one product. Our flagship gateway security product, TERMINATOR, which is a Unified Threat Management ("**UTM**") product, provides the first line of defence against all emerging threats including advanced persistent threats. The TERMINATOR combines various proprietary protection technologies including the Quick Heal Core antivirus engine, firewall, web security, VPN, load balancing, web content filters, anti-spam technologies, IDS/IPS (Intrusion Detection/Prevention System) and the bandwidth manager.

- *Server security*

These products provide security solutions for critical servers and are customised to provide maximum security with optimum performance. We provide two main products under this category, antivirus for servers and antivirus for Linux.

***Guardian NetSecure***

Guardian NetSecure is our antivirus solution for price sensitive end users who only require a basic level of security for their desktops/laptops.

**Case Studies**

The following case studies are examples of how certain of our end users have deployed and benefited from our solutions.

***Gitanjali Gems Limited***

**Problem**: Gitanjali Gems Limited is a part of Gitanjali group, a major diamond and jewellery house in India, with operations across the world. With a growing infrastructure and limited IT staff, the company was in need of a solution that could help avoid high operational costs and protect critical data. The company wanted a solution that could address the following three challenges: (1) avoid complexity in managing security software for remote branches; (2) protect sensitive financial information; and (3) avoid waste of time and costs associated with outsourced support.

**Solution and Benefits:** In fiscal year 2011, Gitanjali Gems Limited started using our Seqrite Endpoint Security solution. Seqrite Endpoint Security provides visibility of all work stations which made managing remote branches easier. The Powerful Device Control facility restricts unauthorised use of external devices which provides greater protection for critical financial and customer information. The solution provided a centrally managed console that significantly reduced the use of labour and resources. Quick Heal also provided technical support and training across branches which helped to reduce the dependence on, and the cost of, outsourced support. Quick Heal's solution thus enhanced the productivity of employees, reduced incidents of downtime and provided the client with better security coverage and incident management across branches.

***Aimil Limited***

**Problem**: Aimil Limited is one of India's leading civil engineering companies with operations spread across the country. The client wanted an integrated solution that would provide consistency and compliance across its many locations. The client wanted a solution that could address the following three challenges: (1) ensure uniformity and consistency across multiple company endpoints; (2) prevent difficulties in managing IT systems and policies across different locations and (3) support from the IT security provider for problems as they arise.

**Solution and Benefits:** In fiscal year 2015, Aimil Limited adopted Seqrite Cloud to manage and regulate endpoint security from any location. Seqrite Endpoint Security's roaming platform feature allows Aimil Limited to manage endpoints even when they are out of the local network. A dedicated manager was also allocated to the client to address on-demand local and remote support issues.

***Sardar Patel University***

**Problem**: Sardar Patel University is a reputable Indian university that is focused on improving rural Indian life by providing study and research in modern global developments. The university wanted a solution that could address the following three challenges: (1) prevent loss of sensitive data; (2) provide adequate and efficient support for IT resource management; and (3) allow multiple polices and rules to be implemented for different student groups.

**Solution and Benefits:** In fiscal year 2015, Sardar Patel University adopted Seqrite Endpoint Security with advanced browsing protection and spam protection that blocks viruses before they enter the network. This solution incorporates a group policy management feature that allows the university to customise user groups and define individual policies. Quick Heal also provided the university with a dedicated technical account manager which reduced dependency on external resources and support expenses.

***Bombay Hospital, Indore***

**Problem**: Bombay Hospital is a 600 bed super-speciality tertiary care referral hospital located at Indore in the state of Madhya Pradesh. The hospital wanted to block access to social media websites and other unwanted website categories as these were consuming precious bandwidth and causing a drop in productivity. The hospital wanted a solution that could address the following three challenges: (1) prevent loss of bandwidth due to employees accessing social media sites; (2) allow the hospital to implement uniform policies across all systems; and (3) prevent slowing down and frequent freezing of systems within the hospital's network.

**Solution and Benefits:** In fiscal year 2015, Bombay Hospital, Indore adopted Seqrite Endpoint Security solution. This allowed the hospital to implement website filtering to block individual sites or category-based sites. Additionally, this solution included a group policy management feature that allowed the hospital to define user groups and assign policies to them. Quick Heal's solution also cleans up junk files and deletes invalid registry entries so that the system works at optimal speed and there are no unwanted disruptions.

**Public Works Department, Dehradun**

**Problem**: The Public Works Department ("**PWD**") at Dehradun in the state of Uttarakhand is responsible for the construction, maintenance and planning of roads, bridges and government buildings for the state of Uttarakhand. This government department wanted a solution that could address the following three challenges: (1) prevent loss of bandwidth due to employees accessing unwanted websites; (2) allow installation of crucial software without slowing down the network; and (3) provide adequate technical support and services for addressing issues.

**Solution and Benefits:** In fiscal year 2015, PWD, Dehradun adopted Seqrite Endpoint Security. This allows website filtering to restrict access to unwanted websites to preserve network bandwidth. Additionally, this solution includes an application control feature that blocks categories of applications from functioning within the network. Quick Heal also appointed a technical account manager for the PWD, Dehradun to resolve technical issues from time to time.

**Sales and Distribution**

***Retail Sales Network***

For sales to home users, we use a network of retail channel partners spread across the country. We disseminate our stock of products to channel partners from our 64 offices and warehouses across 36 cities in India. As of December 31, 2015, we work with 194 premium partners who generate business for us, and also act as the source for the next level of distribution channel i.e. the elite partners. We enjoy a healthy working relationship with our premium partners through the efforts of our channel sales team which works closely with them to maximise the availability of our solutions and to deliver our solutions with good quality and features in a secure environment. We assign specific territories for our premium partners to sell our products and set minimum sales targets for them which we review annually, and often quarterly. Upon delivery of products to premium partners, the premium partners take possession of the products and are responsible for all risks, including loss, damages and other incidents, and returns are not permitted. While we require our premium partners to provide customer assistance in explaining technical information and related sales assistance to customers, we also directly provide after-sales support to the end users and do not permit our premium partners to offer any assurances or commitments without our approval. Our premium partners are generally required to report on their inventory levels of our products monthly and provide an audited financial report annually or as and when we may request. In case of problems with respect to the credit risk of distributors or customers, we have the ability to obtain the goods back in such cases.

As of December 31, 2015, we, through our premium partners, work with 1,242 elite partners who primarily act as resellers and distributors of our products to retailers, who form the last mile of our distribution channel. Elite channel partners purchase our solutions from our premium partners and further sell them to retailers, distributors and our 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. Similar to our arrangement with our premium partners, we periodically set minimum sales targets and outline other policies, including the area of sales for our elite partners to achieve. Our agreements with elite partners are typically for a period of two years and we require the elite partners to purchase our products on a rolling basis, in the immediate preceding period of 12 months. A failure to meet this requirement may result in termination of the agreement by us.

In addition to our premium and elite partners, we appoint dealers for distributing our products under the trade name "Guardian NetSecure" directly to our end users for specific territories. Under this arrangement, dealers may sell through offline channels and are not permitted to sell Guardian NetSecure products through the Internet, or any online marketing portal, including any unauthorised affiliate Internet page. Similar to our arrangement with other partners, we set minimum sales targets to be achieved by our dealers annually. Similar terms and conditions under our agreements with elite partners are applicable to our dealers including the purchase of our products on a regular basis, payment in full at the time of placing a purchase order, conducting advertising, marketing and selling activities at its own costs, providing customer assistance in technical explanation and sales assistance, furnishing monthly reports on the inventory levels of products and audited financial report annually, or as and when requested by us. Our agreement with our Guardian NetSecure dealers is also valid until we terminate the agreement.

***Enterprise Network***

We primarily sell to SMBs, enterprises, educational institutions and government customers through our enterprise channel partners from our 64 offices and warehouses across 36 cities in India.

As of December 31, 2015, we work with a total of 349 enterprise channel partners. As of December 31, 2015, we work with 202 platinum partners, who sell and distribute our Seqrite range of solutions to SMBs and enterprise clients, and also act as the source for the next level of distribution channel i.e. the gold partners. Our solutions are delivered in a secure environment with good product features and quality. Gold partners purchase our Seqrite range of solutions from a platinum partner and further resell solutions to end users. As of December 31, 2015, we work with 147 gold partners. In addition, we also work with 319 government channel partners for providing solutions to government customers. SMBs, enterprises, educational institutions and government end users may also purchase our solutions bundled with other products through system integrators, who package our solutions as part of their overall product offering.

We run certifications programmes to empower teams of our channel partners and educate them about our solutions so that they can further sell these to enterprise customers. We also provide training to our channel partners on providing support services to end users.

***Mobile Channel***

Smartphones are repositories of personal data and information and the accompanying loss or theft of these devices and the increase in mobile malware attacks has emphasised the need for security in these devices. In addition, a large number of people today access the Internet through their smartphones. This is the main impetus behind the growth in sales of our solutions for mobile devices. Our mobile channel is a new initiative and as of December 31, 2015, we work with 41 premium partners and have signed up 903 retail outlets. We have allocated a defined budget to the development of this channel and are investing in marketing and brand building activities as well. Given the increasingly large number of people who buy high-value handsets and smartphones, we have introduced Quick Heal Gadget Securance 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.

***Alternative Sales and Promotion Strategy***

We have granted non-exclusive distribution and marketing rights to certain distributors and resellers, who typically purchase our solutions from our channel partners, to market and sell our solutions to end users in India through online e-commerce websites. As India is experiencing a growth in online sales, we expect to see increased sales from this platform. We are also promoting the sale and renewal of our solutions through our own websites.

As an alternative sales strategy, we have associated ourselves with various parties to sell our solutions to end users. For example, we have an entered into an agreement with a software development company whereby we provide our Internet security six-month trial version for desktop computers and six-month trial version for mobile security bundled with this company's software products to the end users in parts of southern India.

**Advertising and Brand Building**

We have an in-house team that focuses on advertising and brand building activities. This team has clearly delineated responsibilities and functions, and works closely with external agencies to create strategies for

increasing our visibility in our core markets. For the six months period ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, our expenses on advertising and sales promotion were ₹ 90.20 million, ₹ 288.09 million, ₹ 223.10 million and ₹ 190.28 million, respectively.

We conduct online advertising on various search engines such as Google, Yahoo and MSN and direct emails, and offline advertising using print or broadcast media to conduct mass media campaigns including television, print and radio. We use digital marketing tools, such as virtual marketing, including video and meme image, and online display banners, and have presence in social media, including Facebook, Twitter and YouTube. For more details of our advertising and brand building initiatives, see "*Our Business — Strengths — Recognised Brand Name and Positive Reputation*" on page 141.

We also invest in activities such as business promotion, customer schemes and contests to motivate our channel partners and increase sales. For the six months period ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we incurred ₹ 54.58 million, ₹ 134.53 million, ₹ 109.70 million and ₹ 70.48 million, respectively, on business promotion expenses. We have also engaged a public relation company to provide services in public relations consultancy and analysis, including research, media coverage, targeting appropriate media and developing communication packages and media monitoring.

We believe that our investment in advertising and brand building will enhance our brand profile, visibility and exposure in the market, as well as create a pull effect for our products, leading to increased sales.

**Sales Incentive**

We also introduce incentive programmes from time to time for our channel partners and thus provide them an incentive to achieve the performance based targets, which include sales and collection targets. For example, we may provide an additional discount to channel partners that meet certain predefined target milestones and also provide vouchers that may be redeemed for various solutions of our Company. For the six months period ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we incurred ₹ 105.37 million, ₹ 223.67 million, ₹ 145.84 million and ₹ 103.85 million, respectively, on sales incentive.

**Research and Development**

The market for security software solutions has low barriers to entry but is subject to rapid technological change and is highly competitive with respect to timely product introductions and continuous upgrades. We believe that our ability to maintain competitiveness largely depends upon our ability to develop, integrate and launch new solutions, and to proactively enhance / upgrade our existing offerings.

Our R&D efforts support all of our product offerings. Our R&D efforts enable us to improve our product design and usability and keep us at the forefront of antivirus and anti-malware research. For example, our antivirus products are based on the DNAScan technology which was upgraded, and is referred to as Advanced DNAScan. Advanced DNAScan technology uses behaviour-based detection method to determine whether a computer program is malicious. It is effective against latest and emerging threats, and protects users against zero-day attacks. Most importantly, our R&D helps us better protect our end users by making the identification of newer viruses and malware more predictive. In addition to developing new offerings, our R&D team also focuses on continuous upgrades and updates to existing products, aimed at protecting our users from evolving threats. Future upgrades and updates may include additional functionality to respond to market needs and changing environment, while assuring compatibility with new systems and technologies.

For the six months period ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we expensed ₹ 290.22 million, ₹ 459.54 million, ₹ 312.07 million and ₹ 196.87 million, respectively, on R&D-related expenses, which formed 19.59%, 16.06%, 12.85% and 9.60%, respectively of our revenue from operations (net) in these periods. Technical leadership is essential to our success and we expect to continue devoting substantial resources to further developing and enhancing our R&D and technology capabilities. In our continuing effort to strengthen our R&D abilities, we propose to utilise ₹ 418.80 million of the Net Proceeds towards funding our capital expenditure for R&D activities. For more details, see "*Objects of the Offer — Capital Expenditure on Research and Development*" on page 107.

Our R&D team comprises of the following sub-teams:

***Business Logic Team***: The business logic team is responsible for analysing the ecosystem for our solutions, i.e., the industry, technology, competition, market size and segmentation, with feedback and input from our sales team and customers. Based on the information gathered, this team helps in building product roadmaps and devising appropriate strategies.

***Product Development Team:*** The product development team is responsible for the design and development of various products and solutions. It supports our R&D activities on various Operating Systems (OS) and multiple platforms that can be supported through Cloud.

***Internet of Things (IoT) Security Team:*** This team is responsible for the identification of opportunities in this emerging area and to create products and solutions for home automation security.

***Quality Assurance Team:*** The quality assurance team provides systematic measurement, standard evaluation, monitoring of processes, and an associated feedback loop that helps prevent errors in our products. The team studies each product in a systematic and comprehensive manner, before the same is released to our customers.

***Incidence Response Team****:* The incidence response team includes two sub teams: Technical Account Managers team and Technical Professionals (Software Developers and Software Quality Assurance Engineers) team. These teams contribute to our rapid response to any emergency situation/incident at an enterprise security infrastructure.

***Threat Research and Response Team*****:** The threat research and response team provides proactive response to reported threats. This team takes part in detection of and removal of reported viruses and malwares. This team also focuses on product testing for antivirus certifications and on false positive collection.

**Technology and Intellectual Property**

Our success depends to a great extent on our proprietary technology. We believe that we are not dependent on any of our intellectual property rights individually, although, they may collectively be of material significance to our business.

In the course of our R&D activities, we create a range of intellectual property which we attempt to protect through patent and copyright protection, confidentiality procedures and contractual provisions. We seek patent protection for certain of the key inventions which we develop. Our success and ability to compete depend in part upon our ability to protect our technology and to establish and adequately protect our intellectual property rights. To accomplish these objectives, we rely on a combination of trademark and copyright laws in India and other jurisdictions, as well as license agreements and other contractual protections.

We have registered 10 trademarks in India and eight trademarks internationally relating to our name and several of our products, including "Quick Heal" and "Seqrite". The registered trademarks are valid for a period of 10 years from the date of application or renewal, as the case may be. For further details, see "*Government and Other Approvals*" on page 339.

We have four patents issued in the United States and one pending patent application in the United States. Further, we have five pending patent applications in India, of which two have been published, which relate to various aspects of our products and technology. The duration of our patents in the United States is typically 20 years from the date of the filing of the earliest application. The duration of our patents in India is 20 years from the date of filing of the patent application resulting in the patent, which we believe is adequate relative to the expected lives of our products.

Our products are protected under India and international copyright laws, and laws related to the protection of intellectual property and proprietary information. We have two registered copyrights and four pending copyright applications in India. We take measures to label such products with the appropriate proprietary rights notices, and we actively enforce such rights in India and abroad.

We also incorporate software and technology developed by third parties in our products. We typically do this by obtaining a license from the relevant party and are required to pay them royalties or license fees. We may also, from time to time, explore opportunities to invest in companies or products or technologies that we believe could provide synergies to our core business. While we are currently evaluating certain opportunities, we have not signed any definitive agreements. Typically we license technology, software documentation and related materials and are permitted, under the terms of use of license to reproduce, modify, create or develop derivative works based on

or incorporating the licensed materials, and distribute, sell or offer to sell any products containing the licensed materials in connection with our Company's business. Further, typically, we obtain exclusive rights, title and interest to such derivative or enhanced works created by our Company.

***Agreements with NovaShield, Inc.***

We have been granted a sub-license of a licensed patent under U.S. Patent No. 8,065,728 by NovaShield, Inc. ("**NovaShield**"). NovaShield had been previously granted an exclusive license with a right to sub-license by Wisconsin Alumni Research Foundation ("**WARF**"), the owner of the licensed patent. NovaShield further assigned its rights and obligations under the license agreement with WARF to BullGuard Limited. In connection with this assignment and the granting of an exclusive license to the licensed patent to BullGuard Limited, the Company and WARF entered into a "covenant not to sue" agreement on April 22, 2013 pursuant to which WARF agreed to release and discharge and not to sue our Company or any end user of our Company from any and all claims of liability for past, present and future infringement of such licensed patent connection with the utilisation of our Company's license of such licensed patent under the agreement between our Company and NovaShield. This agreement shall remain in effect until terminated in accordance with the conditions provided in the agreement or the date such licensed patent is no longer an enforceable patent, whichever is earlier.

Pursuant to this agreement, we obtained rights to the NovaShield behaviour-based anti-malware engine which is a signature-less, behaviour-based, real-time anti-malware system designed to detect and stop zero-day malware that try to infect a user's computer. Unlike traditional signature-based antivirus technology, this technology does not use any signatures for detection. Instead, it monitors and tracks run-time activities performed by each running process in real time, and compares these activities against a set of security specifications (i.e. policies) to determine whether these activities are deemed to be malicious and therefore should be stopped and users alerted. We have incorporated NovaShield's behaviour-based anti-malware engine in Quick Heal's Advanced DNA Scan technology.

We have also entered into a sales and service agreement dated August 28, 2012 with NovaShield pursuant to which NovaShield has agreed to sell a software development kit, grant license of intellectual property rights in its software development kit and grant sub-license of certain licensed patents owned by WARF. Our Company may use, utilise and/or incorporate part of source code from NovaShield's software development kit, its associated intellectual property rights, and WARF licensed patents to develop and sell its anti-malware software program. This agreement is effective from August 28, 2012 until the expiration, revocation by law, invalidation or abandonment of any patents or copyrights associated with NovaShield intellectual property rights or WARF licensed patents.

***Agreement with SP Software Private Limited***

We have also entered into a master development agreement on June 24, 2013 with SP Software Technologies (I) Private Limited ("**SP Software**"), a company engaging in providing onsite and offshore software development and consultancy services in mobile, system engineering, storage technologies and internet technology space. As per the terms of the agreement, we may request SP Software to perform certain programming services and software development work based on specific written statement of works to be entered pursuant to this agreement. We have in the past outsourced certain services to SP Software and may again do so in the future.

***Protection of Intellectual Property and Non-Disclosure Agreements***

We generally enter into non-disclosure agreements with our employees and channel partners, and we enter into license agreements with our customers with respect to our software and other proprietary information. However, the steps taken by us to protect our proprietary software technology may be inadequate to deter misuse or theft of this technology. Also see "*Risk Factors — Any inability to protect our proprietary technology and intellectual property rights may adversely affect our business and growth prospects*" on page 27**.**

In addition, we seek to protect our intellectual property rights by generally requiring our employees involved in R&D to enter into agreements assigning to us all rights, title and interest in all inventions, works of authorship, developments, ideas, improvements and other works generated by them during their period of employment with us and relinquishing any and claims to such work.

**International Operations**

Through our Subsidiaries we are present in Japan, Dubai, the United States and Kenya. We are also actively evaluating opportunities in these markets and other markets in South Africa, the Middle East and South East Asia. In addition, we also market and sell our solutions in 80 countries across the world.

**Suppliers**

We rely on third party suppliers for manufacturing and packaging as well as support services for our business, including some of our call centres. We also rely on third parties for hosting our website and on external servers for regular updates to our offerings.

For home users, we typically provide our security software solutions on CDs and DVDs. A third party vendor manufactures CDs and DVDs without security software solutions at Rudrapur in the state of Uttarakhand. This approach allows us to reduce our costs as it reduces the manufacturing overhead and inventory and also allows us to adjust more quickly to changing customer demand. Our manufacturing partner assembles our products using design specifications, quality assurance programmes, and standards that we establish, and procures components and assembles our products based on our demand forecasts. These forecasts represent our estimates of future demand for our products based upon historical trends and analysis from our sales team as adjusted for overall market conditions.

Our Company also maintains two in-house technical support centres in Nashik and Pune. While the Nashik centre handles domestic technical support, the Pune centre handles international technical support. We have outsourced the management of a technical support centre at Coimbatore in Tamil Nadu that handles technical support queries from customers located in southern India.

**Competition**

The markets for our solutions are intensely competitive and are subject to rapid changes in technology. Many of our competitors have longer operating histories, greater brand recognition, stronger relationships with strategic channel partners, larger technical staffs, established relationships with hardware vendors / system integrators and/or greater financial, technical and marketing resources and other market advantages. We face competition from both international and Indian companies such as Symantec, Trend Micro, Kaspersky, McAfee, Sophos, Fortinet, Watchguard, Apps Daily, Syska and K7.

**Insurance**

We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have obtained directors' and officers' liability cover. We also maintain a mediclaim policy for our employees and their spouses and dependent children. We have also taken personal accident insurance cover for our employees.

To control our product liability risk, we place significant emphasis on quality assurance. As of December 31, 2015 we have not experienced any material product liability claim from our end users arising from or relating to the use of our solutions.

There can be no assurance that our insurance coverage will be sufficient to cover the losses we may incur. For further details in relation to risks associated with insurance policies of our Company, see "*Risk Factors — Our insurance coverage may be inadequate to cover all possible economic losses and liabilities associated with our business*" on page 31.

**Employees**

As of December 31, 2015, we had 1,396 full-time employees, including 547 employees in the R&D team and 400 employees in our Sales & Marketing team.

We do not have any employees that are covered by a collective bargaining agreement, and we believe our overall relations with our employees are good.

The level of competition among employers in India for skilled personnel is high and we believe that our leading

industry position, brand recognition and positive reputation are key advantages in attracting qualified and talented candidates. We recruit candidates from premier universities, colleges and institutes in India, including the Indian Institutes of Technology, regional engineering colleges (RECs) as well as from some of the leading IT companies in India and overseas. Our rigorous selection process includes technical tests, programming tasks and interviews. We have a similarly competitive recruitment programme for our lateral hires. All new hires are inducted into our organisation through a structured programme, which involves extensive training as well as mentoring.

**Health, Safety and Environment**

We are committed to complying with applicable health and safety regulations and other requirements in our operations and also maintaining adequate workmen's compensation policies.

**Facilities**

Our primary business operations and material properties are located in India. Our registered office is located in Pune. We own this office premises. We lease office and warehouse spaces for our offices and warehouses in various locations, including Ahmedabad, Aurangabad, Bangalore, Bhiwandi, Bhopal, Bhubaneswar, Chennai and New Delhi. Our lease terms typically range from between 11 months to five years. These lease agreements typically permit us to renew our lease agreements upon the end of the term. Some of these lease agreements require the rental price to be adjusted upwards by certain percentage points after the completion of a certain term or when we renew the lease. We separately engage facility managers to provide security and housekeeping services for our various premises.

We believe that our properties, taken as a whole, are in good operating condition and are suitable for our business operations.

**Corporate Social Responsibility**

We recognise our role and responsibility to deliver superior and sustainable value to our customers, channel partners, employees as well as the community in which we operate. With that aim, we are committed to contributing positively towards the social and economic development of the community as a whole, and specifically for the cause of economically challenged groups.

As part of our commitment to our social obligations, we created a charitable trust, the Quick Heal Foundation, in August 2014. We typically donate a significant portion of the funds allocated for corporate social responsibility expenses ("**CSR**") to the Quick Heal Foundation. The activities of this charitable trust are monitored by a committee of our Board of Directors.

In April 2015, the Quick Heal Foundation donated a new ambulance vehicle to the Shree Sadguru Vishwanath Maharaj Rukadikar Trust that works to provide emergency medical care to the underprivileged residing in remote locations of the state of Maharashtra. We are also working towards providing basic facilities and infrastructure such as community hall, lavatories and libraries for underprivileged communities. We believe in crime prevention through education and counselling and towards this aim, we organise cyber safety workshops in association with universities for students, parents and teachers as well as legal authorities.

We intend to constantly participate in the development of the communities near our facilities and contribute to social stability in the areas where we operate, through the Quick Heal Foundation as well as directly where our Board of Directors deem suitable.

**Legal Proceedings**

We are party to legal proceedings incidental to our business. Were an unfavourable ruling to occur in any or all of these litigations, there exists the possibility of a material adverse impact on our financial condition, results of operations and cash flows. For details, see "*Outstanding Litigation and Material Developments*" on page 333.

## REGULATIONS AND POLICIES

*The following is an overview of the relevant regulations and policies in India which are applicable to our business and operations in India. The information detailed below has been obtained from publications available in the public domain. The regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

### *The Information Technology Act, 2000*

The Information Technology Act, 2000, as amended (the **"Information Technology Act"**) was enacted with the purpose of providing legal recognition to electronic transactions. In addition to providing for the recognition of electronic records, creating a mechanism for the authentication of electronic documentation through digital signatures, the Information Technology Act also provides for civil and criminal liability including fines and imprisonment for various computer related offenses. These include offenses relating to unauthorized access to computer systems, modifying the contents of such computer systems without authorization, damaging computer systems, the unauthorized disclosure of confidential information and computer fraud. Further, it recognizes contracts concluded through electronic means, creates liability for failure to protect sensitive personal data and gives protection to intermediaries in respect of third party information liability. The Information Technology Act and the rules made thereunder regulate information technology i.e. it governs information storage, processing and communication of electronic information and data. Penalties are provided for cyber crimes which include tampering with computer source document and electronic publishing of obscene information, in addition to provision of compensation in certain cases. The Information Technology Act also provides punishment for offences committed outside India if the act involves a computer system or computer network outside India.

Pursuant to the Information Technology Act, the Department of Information Technology under the Ministry of Communications & Information Technology, Government of India, has notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (the "**Personal Data Protection Rules**") which prescribe directions for the collection, disclosure, transfer and protection of sensitive personal data by a body corporate or any person acting on behalf of a body corporate. The Personal Data Protection Rules require the body corporate to provide a privacy policy for handling and dealing on personal information, including sensitive personal data. Such policy is required to be published on the website of the body corporate. In addition, the information or data so collected is required to be kept secured and used for the purposes for which it has been collected. Further, the disclosure of such information to any third party requires the prior consent of the provider of the information, unless such disclosure has been contractually agreed upon between the body corporate and the provider of information or in the event such disclosure is necessary for the purposes of legal compliance. Additionally, the body corporate is required to put in place a security programme and information security policy, so as to ensure compliance with reasonable securities practices and procedures, as prescribed under the Personal Data Protection Rules.

### *Other service provider registration*

Other service providers ("**OSPs**") refer to companies providing services like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, call centre, network operation centre and other IT Enabled Services. The New Telecom Policy, 1999 requires registration of OSPs with the Department of Telecommunications, Ministry of Communications and Information Technology, GoI ("**DoT**"). The OSP Registration is valid for 20 years. An OSP is subject to the terms and conditions set out in the "Terms and Conditions - Other Service Provider Category" dated August 5, 2008 issued by the DoT ("**OSP Terms and Conditions**"). The OSP Registration may be cancelled by DoT upon breach of OSP Terms and Conditions or if it is so required in the public interest.

### *Intellectual property laws*

Intellectual property in India enjoys protection under both common law and statute. Under statute, India provides for the patent protection under the Patents Act, 1970, as amended (the "**Patents Act**"). The Patents Act governs the patent regime in India and recognises process patents as well as product patents. The form and manner of application for patents is set out under Chapter III and Chapter VIII deals with the grant of patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application. In addition to broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

Trademark protection is provided under the Trade Marks Act, 1999, as amended (the "**Trade Marks Act**"). The Trade Marks Act governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. It prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks. Once a mark it registered, it is valid in India only, for a period of 10 years and can be renewed from time to time in perpetuity. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. Certification marks and collective marks can also be registered under the Trademarks Act. Trademarks are granted to marks capable of being represented graphically and which are capable of distinguishing the goods or services of one person from those of others. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner. Registered trademarks may be protected by means of an action for infringement and unregistered trademarks may only be protected by means of the common law remedy of passing off.

The Copyright Act, 1957 ("**Copyright Act"**) governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a period of 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorised sale or commercial rental of software also amount to infringement of copyright. However, the Copyright Act prescribes certain fair use exceptions which permit certain acts, which are otherwise considered copyright infringement.

***Shops and establishments legislation***

The provisions of shops and establishments legislations, as may be applicable in a state in which establishments are set up, regulate the conditions of work and employment and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Some of the shops and establishments legislations which our Company is subject to include The Bombay Shops and Establishments Act, 1948, as amended, ThePunjab Shop and Commercial Establishment Act, 1958, as amended, The Andhra Pradesh Shops and Establishments Act, 1988, as amended, The Delhi Shops and Establishments Act, 1954, as amended and Karnataka Shops and Commercial Establishments Act, 1961.

***Importer exporter code***

The main objective of the Foreign Trade (Development and Regulation) Act, 1992 as amended (the "**FTDR Act**"), is to develop and regulate foreign trade by facilitating imports into India and augmenting exports from India. Under the FTDR Act, an importer- exporter code ("**IEC**") granted by the Director General of Foreign Trade is required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number shall attract penalty under the FTDR Act.

***Foreign direct investment***

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations promulgated thereunder. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA20**") pursuant to which, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment shall be required from the FIPB and/or the RBI. 100% foreign direct investment is permitted in information technology sector, under automatic route.

***Overseas Direct Investment***

An Indian entity is allowed to make Overseas Direct Investment ("**ODI**") under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a financial year would require prior approval of the RBI.

***Labour laws***

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of our Company. The Industrial Disputes Act, 1947, as amended, provides for statutory mechanism of settlement of all industrial disputes, a term which primarily refers to a dispute or difference between employers and workmen concerning employment or the terms of employment or with the conditions of labour of any person.

Our Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "**CLRA Act**"), and the rules framed thereunder which requires our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

Our Company is subject to other laws concerning condition of working, benefit and welfare of our labourers and employees such as The Employees State Insurance Act 1948, as amended, The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended, The Payment of Gratuity Act, 1972, as amended, The Payment of Bonus Act, 1965, as amended, The Minimum Wages Act, 1948, as amended, The Payment of Wages Act, 1936, as amended, The Payment of Bonus Act, 1965 The Maternity Benefit Act, 1961, as amended and The Equal Remuneration Act, 1976, as amended.

***Other laws***

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, 2013, Companies Act, 1956, to the extent applicable, and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax laws.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as CAT Computer Services Private Limited on August 7, 1995 at Pune as a private limited company under the Companies Act, 1956. Subsequently, the name of our Company was changed to Quick Heal Technologies Private Limited and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on August 7, 2007. The name of our Company was further changed to Quick Heal Technologies Limited on September 8, 2015 pursuant to conversion of the status of our Company to a public limited company and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the RoC on September 8, 2015.

The changes to the name of our Company were undertaken to align the name of our Company with the nature of business of our Company and upon conversion of our Company from a private limited company to a public limited company.

Our Company has 81 members as of the date of this Prospectus. For more details on the shareholding pattern, see "*Capital Structure*" on page 70.

For information on our Company's profile, activities, services, market, growth, technology, managerial competence, standing with reference to prominent competitors, major vendors and suppliers, see "*Management*", "*Our Business*" and "*Industry Overview*" on pages 169, 140 and 131, respectively.

There have been no changes in the activities of our Company during the last five years which could have a material effect on our profits/ losses, including discontinuance of lines of business, loss of agencies or markets and other such factors.

### Changes in the Registered Office

Our registered office was changed from 9 Raghunath Apartment, Mohanwadi Alandi Road, Yerwada, Pune 411 006 to 603, May Fair Towers II, Wakadewadi, Shivajinagar, Pune 411 005, on October 31, 2006.

Subsequently, our registered office was changed from 603, May Fair Towers II, Wakadewadi, Shivajinagar, Pune 411 005 to Marvel Edge, Office No. 7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune 411 014, on September 8, 2015.

### Main Objects of our Company

The main objects contained in the Memorandum of Association include the following:

1. *To carry on in India or abroad the business as designer, developer, creator, buyer, seller, reseller, trader, importer, exporter, manufacturer, consultant, librarian, adviser, trainer, publisher and service providers in the field of Information Technology (IT), computer software and software packages, products, customized software, embedded software, system tools, information technology products, equipments, all types of software, software-services related to security of computer systems, mobile devices including latest devices like smartphones, ipads etc. and to provide research and development, testing, quality assurance, programming, analysis and data processing and conversion services to individuals, companies, corporations, establishments and any type of organizations in India or Abroad.*

2. *To design, develop, manufacture, assemble, service, repair, maintain, buy, sell, import, export, distribute, hire, lease, market, evaluate, benchmark, advise, consult, educate, train, deal in all types of computer peripherals hardware and peripheral devices, latest computer software system, hardware system and products for various applications, computer networks and communication, mobile device security, mobile applications, value added services including digital entertainment, information services etc. To undertake IT enabled services like Call Centre management, research and development in the field of computers.*

3. *To develop, provide, undertake, design, import, export, distribute and deal in Systems and application software for microprocessor based information systems, off shore software development projects, internet service provider, and solutions in all areas of application including those in Emerging niche*

*segments like Internet and Intranet website applications, solutions software enterprise, managed security, cloud based security services either for its own use, for sale in India or for export outside India and to design and develop such systems and application software for and on behalf of manufacturers owners and users of computer, telecom, digital, electronic equipments in India or elsewhere in the world.*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out as well as the activities proposed to be undertaken pursuant to the Objects of the Offer.

**Amendments to our Memorandum of Association**

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

| Date of Shareholders' Resolution | Particulars |
|---|---|
| March 13, 2000 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 2,500,000/- (Rupees Twenty Five Lacs Only) divided into 2,50,000 (Two Lacs Fifty Thousand) Equity shares of Rs. 10/- (Rupees Ten only) each with power to increase or reduce the capital for the time being of this Company, into several classes and to attach thereto respectively preferential, deferred, qualified or special rights, privileges and conditions, as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company"* |
| September 27, 2005 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lacs Only) Equity shares of Rs. 10/- (Rupees Ten only) each with power to increase or reduce the capital for the time being of this Company, into several classes and to attach thereto respectively preferential, deferred, qualified or special rights, privileges and conditions, as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company"* |
| March 2, 2007 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Two Crores Only) divided into 50,00,000 (Twenty Lacs Only) Equity shares of Rs. 10/- (Rupees Ten only) each"* |
| July 27, 2007 | The name clause of the Memorandum of Association was substituted with:<br><br>*"The name of the Company is QUICK HEAL TECHNOLOGIES PRIVATE LIMITED"* |
| December 26, 2007 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity shares of Rs. 10/- (Rupees Ten only) each"* |
| July 29, 2010 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 200,000,000/- (Rupees Twenty Crores Only) divided into 17,500,000 (One Crore Seventy Fifty Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each and 2,500,000 (Twenty Five Lakhs) Class 'A' Equity Shares of Rs. 10 each with power to increase or reduce or modify the said capital or to divide shares into several classes and attach thereto preferential, differed, qualified or special rights or conditions as may be determined by or in the Articles of Association of the Company or to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided in the articles of association of the company"* |
| September 9, 2010 | The object clause of the Memorandum of Association was substituted with: |

| Date of Shareholders' Resolution | Particulars |
|---|---|
| | *"THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:*<br><br>*To carry on in India or abroad the business as designer, developer, creator, buyer, seller, reseller, trader, importer, exporter, manufacturer, consultant, librarian, adviser, trainer, publisher and service providers in the field of Information Technology (IT), computer software and software packages, products, customized software, embedded software, system tools, information technology products, equipments, all types of software, software-services related to security of computer systems, mobile devices including latest devices like smartphones, ipads etc. and to provide research and development, testing, quality assurance, programming, analysis and data processing and conversion services to individuals, companies, corporations, establishments and any type of organizations in India or Abroad.*<br><br>*To design, develop, manufacture, assemble, service, repair, maintain, buy, sell, import, export, distribute, hire, lease, market, evaluate, benchmark, advise, consult, educate, train, deal in all types of computer peripherals hardware and peripheral devices, latest computer software system, hardware system and products for various applications, computer networks and communication, mobile device security, mobile applications.To undertake IT enabled services like Call Centre management, research and development in the field of computers.*<br><br>*To develop, provide, undertake, design, import, export, distribute and deal in Systems and application software for microprocessor based information systems, off shore software development projects, internet service provider, and solutions in all areas of application including those in Emerging niche segments like Internet and Intranet website applications, solutions software enterprise, managed security, cloud based security services either for its own use, for sale in India or for export outside India and to design and develop such systems and application software for and on behalf of manufacturers owners and users of computer, telecom, digital, electronic equipments in India or elsewhere in the world.*<br><br>*OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:*<br><br>*To enter into contracts, agreements and arrangements with any other company, firm, trust, Government, society, organization, institution, authority, concern association of persons or individual whether situated in India or abroad for attainment of the objects of the Company.*<br><br>*To promote company or companies for the purpose of acquiring or taking over of the property, rights, and liabilities of the company by way of acquiring or investing in securities of the companies.*<br><br>*To train or to pay for the training in India or abroad of any member or any of the Company's employees or directors or any persons of the distributor or any other candidates in the interests of and for the furtherance of the company's business.*<br><br>*To advertise and adopt means of making known the business activities of the Company or any articles or goods traded in or dealt with by the Company in any way as may be expedient including the posting of bills in relation thereto and the issue of circulars, books, pamphlets and price-lists and the conducting of competitions, exhibitions and giving of prizes, rewards and donations.*<br><br>*To establish maintain or procure the establishment and maintenance of pension, gratuity or superannuation fund or for other benefits of past and present employees of the* |

| Date of Shareholders' Resolution | Particulars |
|---|---|
| | *Company and their dependents and to do any and all acts for the benefit of the employees and their dependents.*<br><br>*To purchase or otherwise acquire and undertake the whole or any part of the business property, rights and liabilities of any person, firm or company carrying on any business which this Company is authorised to carry on and to purchase, acquire, apply for, hold, sell and deal in shares, stock, debentures or debenture stock of any such person, firm or company and to conduct, make or carry into effect any arrangement in regard to the winding up of the business of any such person, firm or company.*<br><br>*To merge, acquire, takeover, amalgamate with any Company or Companies having objects altogether or in part similar to those of this Company."* |
| May 2, 2011* | The capital clause of the Memorandum of Association was substituted with:<br><br>*"The Authorised Share Capital of the Companyis Rs.200,500,000/- (Rupees TwentyCrores Five Lakh only) divided into 17,550,000 (One Crore Seventy Five Lakhs fifty Thousand) Equity shares of Rs.10/- (Rupees Ten only) each and 2,500,000 (Twenty five Lakhs) Class 'A' Equity Shares of Rs. 10/- each with power to increase orreduce or modify the said capital or to divide shares into several classes and attach thereto preferential, differed, qualified or special rights or conditions as may be determined by or in the Articles of Association of the Company or to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided in the articles of association of the Company."* |
| February 26, 2014 | The capital clause of the Memorandum of Association was substituted with:<br><br>*"The Authorised Share Capital of the Company is Rs. 200,500,000/- (Rupees Twenty Crore Five Lakh Only) divided into 20,050,000 (Two Crore Fifty Thousand) Equity shares of Rs. 10/- (Rupees Ten only) each; with power to increase or reduce or modify the said capital or to divide shares into several classes and attach thereto preferential, differed, qualified or special rights or conditions as may be determined by or in the Articles of Association of the Company or to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided in the articles of association of the Company"* |
| February 26, 2014 | The capital clause of the Memorandum of Association was substituted with:<br><br>"*The Authorised Share Capital of the Company is Rs. 750,000,000/- (Rupees Seventy Five Crores Only) divided into 75,000,000 (Seven Crore Fifty Lakhs) Equity shares of Rs. 10/- (Rupees Ten only) each. with power to increase or reduce or modify the said capital or to divide shares into several classes and attach thereto preferential, differed, qualified or special rights or conditions as may be determined by or in the Articles of Association of the Company or to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided in the articles of association of the Company"* |
| December 12, 2014 | The object clause of the Memorandum of Association was substituted with:<br><br>*"THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:*<br><br>*To design, develop, manufacture, assemble, service, repair, maintain, buy, sell, import, export, distribute, hire, lease, market, evaluate, benchmark, advise, consult, educate, train, deal in all types of computer peripherals hardware and peripheral devices, latest computer software system, hardware system and products for various applications, computer networks and communication, mobile device security, mobile applications, value added services including digital entertainment, information services etc. To undertake IT enabled services like Call Centre management, research and development in the field of computers."* |
| August 28, 2015 | The name clause of the Memorandum of Association was substituted with:<br><br>*"The name of the Company is QUICK HEAL TECHNOLOGIES LIMITED"* |

* *The authorised capital was increased pursuant to the scheme of amalgamation between our Company and Cat Labs Private Limited. For further details see "History and Certain Corporate Matters – Details of mergers and amalgamations" on page 164.*

**Major events and milestones of our Company**

The table below sets forth the key events in the history of our Company:

| Financial Year | Particulars |
|---|---|
| 1995 | Incorporation of the Company |
| 2007 | Our Company was renamed as Quick Heal Technologies Private Limited from CAT Computer Services Private Limited |
| 2008 | Our Company became certified partner of Microsoft |
| 2010 | Sequoia invested in our Company |
| 2011 | • Incorporated QH Kenya<br>• Cat Labs Private Limited amalgamated with our Company |
| 2012 | • Launched mobile security for BlackBerry<br>• Incorporated QH America<br>• Incorporated QH Japan |
| 2013 | • Launched Endpoint Security 5.0 for corporate platform<br>• Incorporated QH Dubai |
| 2014 | • Launched cloud based mobile device management<br>• Launched free mobile security for Android |
| 2015 | • Launched products in North America to cater to SMEs<br>• Launched the brand 'Seqrite' for business enterprises |

**Awards, achievements and certifications**

Our Company has received the following awards:

| Sr. No. | Award Description | Year of award |
|---|---|---|
| 1. | IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber | 2015 |
| 2. | Maharashtra Corporate Excellence Awards, by Maxell Foundation | 2012 |
| 3. | Tech Life – The Lifestyle and Gadgets Awards, awarded by NDTV | 2010 |
| 4. | SME Awardsfor Best SME Innovation awarded by Business Today | 2010 |
| 5. | Channels' Choice Award, awarded by DQ Channels | 2009 |
| 6. | CRN Channel Champions, awarded by United Business Media | 2008, 2009 and 2010 |
| 7. | Maharashtra IT Awards, awarded by Government of Maharashtra | 2009 |
| 8. | Quality Brands, awarded by Quality Brand Times | 2012 - 2014 |
| 9. | Deloitte Technology Fast500 Asia Pacific awarded by Deloitte | 2010 |
| 10. | Deloitte Technology Fast50 India awarded by Deloitte | 2010 |
| 11. | Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia | 2015 |
| 12. | Emerging India Awards, awarded by ICICI Bank and CNBC TV 18 | 2009 |
| 13. | DQ Channels India's Most Popular Vendor | 2014 - 2015 |

**Our Holding Company**

As of the date of this Prospectus, our Company does not have a holding company.

**Our Subsidiaries**

Our Company has four subsidiaries. For details regarding our Subsidiaries, see "*Subsidiaries*" on page 166.

**Capital raising activities through equity or debt**

For details regarding our capital raising activities through equity, see "*Capital Structure*" on page 81. Our company has no outstanding financial indebtedness as of the date of this Prospectus.

**Injunctions or restraining order against our Company**

As of the date of this Prospectus, there are no injunctions or restraining orders against our Company.

**Strike and lock-outs**

We have not experienced any strikes, lock-outs or labour unrest in the past.

**Changes in activities of our Company during the last five years**

Except as disclosed in this Prospectus, there has been no change in the activities of our Company during last five years.

**Details of mergers and amalgamations**

**Scheme of Amalgamation between our Company and Cat Labs Private Limited**

On August 25, 2010, our Board approved a scheme of amalgamation under Sections 391 and 394 of the Companies Act, 1956 for the amalgamation of Cat Labs Private Limited (the "**Transferor**") with our Company (the "**Scheme of Amalgamation**"), whereby the entire business and undertaking including all the assets, liabilities, rights, duties, and obligations of the Transferor were transferred to our Company. The Transferor was dissolved without winding up with effect from May 2, 2011 and all employees of the Transferor became employees of our Company. As consideration under the Scheme of Amalgamation, our Company allotted 19.31 equity shares of face value ₹ 10 each of our Company for one equity share of face value ₹ 10 each of the Transferor, held by the shareholders of the Transferor, namely Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar. Further, the equity shares of the Transferors held by our Company were extinguished. The Scheme of Amalgamation was sanctioned by the High Court of Bombay on April 8, 2011.

**Summary of Key Agreements**

**Subscription, purchase and shareholders' agreement between our Company, Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sequoia Capital India Investment Holdings III, Sequoia Capital India Investments III, Sequoia Capital India Investment Holdings II and Sequoia Capital India II, LLC**

Our Company and Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar (collectively the "**Individual First Parties**") have entered into a subscription, purchase and shareholders' agreement dated August 9, 2010 (the "**SPSA**") with Sequoia Capital India Investment Holdings III ("**Investor I**"), Sequoia Capital India Investments III ("**Investor II**"), Sequoia Capital India Investment Holdings II ("**Investor III**") and Sequoia Capital India II, LLC ("**Investor IV**") (collectively, "**Sequoia Investors**") for (i) sale of 290,928 and 21,820 Class 'A' Equity Shares together by Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar to Investor II and Investor IV, respectively; and (ii) issue and allotment of 436,394 and 32,729 Class 'A' Equity Shares by our Company to Investor I and Investor III, respectively. Further, in terms of the SPSA, RippleWave Advisors Private Limited (subsequently converted to Ripplewave Advisors LLP) has been issued and allotted 13,000 Equity Shares by our Company for its assistance in completion of the transaction under the SPSA. The SPSA regulates the relationship and respective rights and obligations of the shareholders of the Company. The SPSA provides certain rights to Sequoia Investors which include the right to appoint a nominee director and an observer on our Board, right to cause our Company to undertake an initial public offering and the first right to offer their shareholding in the Company in the offer for sale of the initial public offeringand affirmative voting right in relation to certain corporate matters such as merger or amalgamation, initiation or consummation of an initial public offering by our Company, altering the rights of any investors and any issuance of fresh equity of the Company and declaration of dividends by the Company. The parties to SPSA have pre-emptive rights in case of further issue of equity or other securities of the Company on a *pro rata* basis.Further, the Individual First Parties and our Company on one part and, Sequoia Investors on the other part, have the right to sell their entire respective shareholding in our Company in an event of default, to the other party who is in

default under the SPSA. The parties to the SPSA have also entered into an agreement dated September 28, 2015, pursuant to which the parties have agreed that the SPSA will terminate immediately on and from the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.

**Other material agreements**

The Company has not entered into any material agreements in the last two years from the date of this Prospectus, which are not in the ordinary course of its business.

**Financial and Strategic Partners**

Our Company does not have any financial and strategic partners as of the date of filing this Prospectus.

## SUBSIDIARIES

All the subsidiaries of our Company are foreign subsidiaries. Our Company has the following four Subsidiaries:

1. Quick Heal Technologies Japan K. K.;
2. Quick Heal Technologies Africa Limited;
3. Quick Heal Technologies America Inc.; and
4. Quick Heal Technologies (MENA) FZE.

**Details of the Subsidiaries**

**1. Quick Heal Technologies Japan K. K.**

**Corporate Information:**

Quick Heal Technologies Japan K. K. ("**QH Japan**") was incorporated on April 2, 2012 under the laws of Japan. QH Japan is involved in the business of research and development relating to information technology, sale of software products and hardware products relating to information technology and provision of related services, and all other incidental activities. Presently, QH Japan is involved in sale of software products in Japan.

**Capital Structure**

The capital structure of the company is as follows:

| | Number of equity shares of JPY 50,000 each |
|---|---|
| Authorised capital | 4,000 |
| Issued, subscribed and paid-up capital | 1,807 |

***Shareholding Pattern***

The shareholding pattern of the company as follows:

| Sr.No. | Name of the shareholder | Number of equity shares of JPY 50,000 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Quick Heal Technologies Limited | 1,807 | 100 |
| | **Total** | 1,807 | **100** |

**2. Quick Heal Technologies Africa Limited**

**Corporate Information:**

Quick Heal Technologies Africa Limited ("**QH Kenya**") was incorporated on December 2, 2011 under the Companies Act (Chapter 486 of the Laws of Kenya) at Nairobi. QH Kenya is involved in the business of sale of softwaresecurity solutions.

**Capital Structure**

The capital structure of the company is as follows:

| | Number of equity shares of KEC 10 each |
|---|---|
| Authorised capital | 2,500,000 |
| Issued, subscribed and paid-up capital | 1,780,000 |

***Shareholding Pattern***

The shareholding pattern of the company as follows:

| Sr.No. | Name of the shareholder | Number of equity shares of KEC 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Quick Heal Technologies Limited | 1,779,990 | 100.00 |
| 2. | Sanjay Sahebrao Katkar* | 10 | 0.00 |
| | **Total** | **1,780,000** | **100** |

**Held by Sanjay Sahebrao Katkar as nominee of QH Kenya*

**3. Quick Heal Technologies America Inc.**

**Corporate Information:**

Quick Heal Technologies America Inc. ("**QH USA**") was incorporated on January 2, 2012 under the General Corporation Law in the State of Delaware. QH USA is involved in the business of investment and/or any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

**Capital Structure**

The capital structure of the company is as follows:

| | Number of equity shares of $ 1 each |
|---|---|
| Authorised capital | 130,000 |
| Issued, subscribed and paid-up capital | 130,000 |

***Shareholding Pattern***

The shareholding pattern of the company as follows:

| Sr.No. | Name of the shareholder | Number of equity shares of $ 1 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Quick Heal Technologies Limited | 130,000 | 100 |
| | **Total** | 130,000 | **100** |

**4. Quick Heal Technologies (MENA) FZE**

**Corporate Information:**

Quick Heal Technologies (MENA) FZE ("**QH Dubai**") was incorporated on December 25, 2013 under Ras Al Khaimah Free Trade Zone, Ras Al Khaimah in UAE. QH Dubai is involved in the business of trading in computer software.

**Capital Structure**

The capital structure of the company is as follows:

| | No. of equity shares of AED 100,000 each |
|---|---|
| Issued, subscribed and paid-up capital | 28 |

***Shareholding Pattern***

The shareholding pattern of the company as follows:

| Sr.No. | Name of the shareholder | No. of equity shares of AED 100,000 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Quick Heal Technologies Limited | 28 | 100.00 |
| | **Total** | **28** | **100.00** |

There are no accumulated profits or losses of any of our Subsidiaries that are not accounted for by our Company.

None of our Subsidiaries have made any public or rights issue in the last three years. None of our Subsidiaries are listed on any stock exchange in India or abroad.

None of our Subsidiaries have become sick companies under the meaning of SICA and none of our Subsidiaries are in the process of winding up.

None of our Subsidiaries contribute more than 5% of our consolidated revenue or profits or assets as at and for the period ended March 31, 2015.

**Material Transactions**

Other than as disclosed in "*Related Party Transactions*" on page 190, there are no sales or purchase between any of our Subsidiaries and our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

**Common Pursuits**

Our Subsidiaries are engaged in similar lines of business that are similar and/or synergistic to our Company, primarily pertaining to sale and marketing of our Products in respective jurisdictions.

**Sale of shares of our Subsidiaries**

Neither our Promoters, nor the members of our Promoter Group or our Directors or their relatives have sold or purchased securities of our Subsidiaries during the six months preceding the date of this Prospectus.

**Revenue or Profit or Asset Contribution**

None of our Subsidiaries contributed more than 5% of the revenue/profits/assets of our Company on a consolidated basis in the preceding financial year.

**Significant Sale/Purchase between Subsidiaries and our Company**

Except as disclosed in "*Related Party Transactions*"on page 190, none of our Subsidiaries are involved in any sales or purchases with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

**Interest of the Subsidiaries in our Company**

None of our Subsidiaries hold any Equity Shares in our Company and except as stated in "*Our Business*" and "*Related Party Transactions*" on pages 140 and 190, respectively. None of our Subsidiaries have any interest in our Company's business.

## MANAGEMENT

The Articles of Association require our Company to have not less than three Directors and not more than 15 Directors. As on the date of this Prospectus, our Board comprises of eight Directors, of which three are Executive Directors, one is a Non-Executive Director and four are Independent Directors including one woman Director.

The following table sets forth details of our Board of Directors:

| Name, Address, Designation, Occupation, Term and DIN | Nationality | Date of Appointment/ Re-appointment as Director | Age (Years) | Other directorships / partnership/ trusteeships |
|---|---|---|---|---|
| ***Kailash Sahebrao Katkar***<br><br>**Address:**<br>B-101, Omkar Puru Housing Society, Airport Road<br>Pune 411 032<br>Maharashtra<br><br>**Occupation:** Business<br><br>**Term:** Liable to retire by rotation[(1)]<br><br>**DIN:** 00397191<br><br>**Designation:** Managing Director and Chief Executive Officer | Indian | August 28, 2015 | 49 | 1. Quick Heal Technologies America Inc.;<br>2. Quick Heal Technologies Japan K.K.;<br>3. Quick Heal Technologies Africa Limited;<br>4. Trustee – Quick Heal Foundation; and<br>5. Karta – Kailash Sahebrao Katkar HUF. |
| ***Sanjay Sahebrao Katkar***<br><br>**Address:**<br>SA11, Siddeshwar Nagar<br>Tingrenagar Road, Vishrantwadi<br>Pune 411 015<br>Maharashtra<br><br>**Occupation:** Business<br><br>**Term:** Liable to retire by rotation[(1)]<br><br>**DIN:** 00397277<br><br>**Designation:**<br>Managing Director and Chief Technical Officer | Indian | August 28, 2015 | 45 | 1. Quick Heal Technologies America Inc.;<br>2. Quick Heal Technologies Japan K.K.;<br>3. Quick Heal Technologies Africa Limited;<br>4. Trustee – Quick Heal Foundation; and<br>5. Karta – Sanjay Sahebrao Katkar HUF. |
| ***Abhijit Shantaram Jorvekar***<br><br>**Address:**<br>18/275, Lokmanya Nagar<br>Sadashiv Peth<br>Pune 411 030<br>Maharashtra<br><br>**Occupation:** Service<br>**Term:** Liable to retire by rotation | Indian | September 24, 2015 | 42 | 1. Trustee – Quick Heal Foundation |

| Name, Address, Designation, Occupation, Term and DIN | Nationality | Date of Appointment/ Re-appointment as Director | Age (Years) | Other directorships / partnership/ trusteeships |
|---|---|---|---|---|
| **DIN:** 05199551<br>**Designation:**<br>Executive Director | | | | |
| ***Shailesh Lakhani***<br><br>**Address:** 5685, Brightpool Cr<br>Mississauga<br>Ontario L5M3W4<br>Canada<br><br>**Occupation:** Professional<br><br>**Term:** Liable to retire by rotation<br><br>**DIN:** 03567739<br><br>**Designation:**<br>Non-Executive Director | Canadian | September 24, 2015 | 37 | 1. Bright Lifecare Private Limited;<br>2. Girnar Software Private Limited;<br>3. Sweet Couch Technology Private Limited;<br>4. Sequoia Capital India Advisors Private Limited;<br>5. Moonfrog Labs Private Limited;<br>6. Capillary Technologies International Pte. Limited;<br>7. Free Culture Pte. Limited;<br>8. True Software Scandinavia AB;<br>9. Thumbworks Technologies Private Limited; and<br>10. Backwaters Technologies Private Limited |
| ***Mehul Mulchand Savla***<br><br>**Address:**<br>1002, Salvation Apartments<br>N M Kale Marg, Dadar (West)<br>Mumbai 400 028<br>India<br><br>**Occupation:** Business<br><br>**Term:** Five years up to the conclusion of the 25th AGM of the Company to be held in the calendar year 2020<br><br>**DIN:** 02137699<br><br>**Designation:**<br>Independent Director | Indian | September 24, 2015 | 41 | 1. Ripplewave Advisors LLP;<br>2. VertiGrow Offices Private Limited; and<br>3. RippleWave Equity Advisors LLP. |
| ***Apurva Pradeep Joshi***<br><br>**Address:**<br>S-8/9, Rajanigandha Apartment<br>Modikhana<br>Solapur 413 001<br>India<br>**Occupation:** Business | Indian | September 24, 2015 | 26 | 1. Riskpro Management Consulting Private Limited |

| Name, Address, Designation, Occupation, Term and DIN | Nationality | Date of Appointment/ Re-appointment as Director | Age (Years) | Other directorships / partnership/ trusteeships |
|---|---|---|---|---|
| **Term:** Five years up to the conclusion of the 25th AGM of the Company to be held in the calendar year 2020<br><br>**DIN:** 06608172<br><br>**Designation:**<br>Independent Director | | | | |
| ***Sunil Sethy***<br><br>**Address:**<br>601/33, Heritage City<br>Gurgaon 122 002<br>India<br><br>**Occupation:**Professional<br><br>**Term:** Five years up to the conclusion of the 25th AGM of the Company to be held in the calendar year 2020<br><br>**DIN:** 00244104<br><br>**Designation:**<br>Independent Director | Indian | September 24, 2015 | 64 | 1. Simon India Limited;<br>2. Paradeep Phosphates Limited; and<br>3. Zuari Infraworld India Limited. |
| ***Pradeep Vasudeo Bhide***<br><br>**Address:**<br>D-1/48, First Floor<br>Vasant Vihar<br>New Delhi 110 057<br>India<br><br>**Occupation:**Retired Government Official<br><br>**Term:** Five years up to the conclusion of the 25th AGM of the Company to be held in the calendar year 2020<br><br>**DIN:** 03304262<br><br>**Designation:**<br>Independent Director | Indian | September 24, 2015 | 66 | 1. L&T Finance Limited;<br>2. GlaxoSmithKline Pharmaceuticals Limited;<br>3. Tube Investments India Limited;<br>4. L&T Finance Holdings Limited;<br>5. NOCIL Limited;<br>6. Heidelberg Cement India Limited;<br>7. Ballarpur Paper B.V.;<br>8. APIDC Venture Capital Private Limited;<br>9. Member of Advisory Board for India – Joshi Technologies International Inc.; and<br>10. Cholamandalam MS General Insurance Company. |

*(1) Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar are liable to retire by rotation as Directors of our Company. However, they hold a fixed five year term as Managing Director and Chief Executive Officer and Managing Director and Chief Technical Officer, respectively.*

**Brief Biographies of Directors**

**Kailash Sahebrao Katkar** is the Managing Director and Chief Executive Officer of our Company. He has passed his matriculation examination. He has been associated with our Company since its incorporation and has experience in sales, marketing, customer services, technical support and administration. He is the recipient of several awards including "Entrepreneurs International Honors" for his achievement as a first generation entrepreneur in 2002 by Charaiveti Entrepreneurs' International, "GS Parkhe Industrial Merit Award 2009" awarded by The Maharashtra Chamber of Commerce, Industries and Agriculture, "Maxell Award for Maharashtra Corporate Excellence, 2012 - Innovation" awarded by the Maxell Foundation, "CMDA Achievement Award 2010" awarded by the Computer and Media Dealers Association, Pune, "Young Entrepreneurs Award 2012" by the Army Institute of Technology, Pune, "Rashtriya Sanman Award" by the National Education and Human Resources Development Organisation, "SME Entrepreneur – Achievers' Award 2010-11" by SME Channels, and "Entrepreneur of the Year 2012" by Brands Academy. He was reappointed as Managing Director and Chief Executive Officer of our Company on August 28, 2015.

**Sanjay Sahebrao Katkar** is the Managing Director and Chief Technical Officer of our Company. He holds a Bachelor's degree in computer science from University of Pune and a Masters' degree in computer science from University of Pune. He has been associated with our Company since its incorporation and has experience in development of anti-virus software, technology and services. He is the recipient of several awards including "Entrepreneurs International Honors" for his significant achievement as a first generation entrepreneur in 2002 by Charaiveti Entrepreneurs' International, "Maxell Award for Maharashtra Corporate Execellence, 2012 – Innovation" awarded by the Maxell Foundation, and "Entrepreneur of the Year 2012" by Brands Academy. He was reappointed as Managing Director and Chief Technical Officer of our Company on August 28, 2015.

**Abhijit Shantaram Jorvekar** is an Executive Director and Senior Vice President – Sales and Marketing of our Company. He holds a Bachelor's degree in engineering (Electronics) from University of Pune and a Masters' degree in business administration from the University of Pune. Prior to joining our Company, he has worked with Modular Infotech Private Limited, Messung Systems Private Limited and Datapro Electronics Private Limited. He was re-appointed as an Executive Director of our Company on September 24, 2015.

**Shailesh Lakhani** is a Non-Executive Director of our Company. He holds a Bachelor's degree in applied science (Computer Engineering) from University of Waterloo and a Master's degree in Business Administration from Harvard Business School. Previously, he has worked at Redknee from August 2001 to August 2004. He was appointed as a Non-Executive Director of our Company on September 24, 2015.

**Mehul Mulchand Savla** is an Independent Director of our Company. He holds a Bachelor's degree in commerce and a Master's degree in management studies from University of Bombay. Prior to starting RippleWave Advisors Private Limited (now converted to Ripplwave Advisors LLP), he was with J. P. Morgan India Private Limited as Executive Director – Corporate and Investment Bank, Equity Capital Markets (India), and ICICI Securities Primary Dealership Limited (erstwhile ICICI Securities Limited) as Vice President – Corporate Finance. He started his career with SEBI where at the time of his resignation, he was working in the Derivative Cell. He was appointed as Independent Director of the Company on September 24, 2015.

**Apurva Pradeep Joshi** is an Independent Director of our Company. She holds a Bachelor's degree in commerce from University of Pune. She has passed the executive programme examination conducted by the Institute of Company Secretaries of India and the professional competence examination conducted by the Institute of Chartered Accountants of India. She has completed a certified bank forensic accounting course, a certified forensic accounting professional course, and a certified anti-money laundering expert course conducted by the IndiaForensic. She has participated in the programme on management consulting for acquiring and retaining clients hosted by the Indian Institute of Management, Bangalore. She has authored the book "Students' Handbook on Forensic Accounting". She was also one of the 10 entrepreneurs who were featured in the book Arise Awake, written by Rashmi Bansal. She was appointed as an Independent Director of our Company on September 24, 2015.

**Sunil Sethy** is an Independent Director of our Company. He is a certified fellow of the Institute of Chartered Accountants of India. He has experience in accountancy, finance, treasury, and legal departments. He has previously served as the Managing Director of Chambal Fertilisers and Chemicals Limited, as the Vice President of Asbestos Cement Limited, as the Executive Vice-Chairman and Managing Director of Binani Industries Limited, and as the Executive Director – Finance of ACME Tele Power Limited. He was appointed as an Independent Director of our Company on September 24, 2015.

**Pradeep Vasudeo Bhide** is an Independent Director of our Company. He holds a Bachelor's degree in science (honours) and a Bachelor's degree in law from Delhi University, and a Masters' degree in business administration and a post graduate diploma in financial management from Indira Gandhi National Open University, New Delhi. He joined the Indian Administrative Service in 1973 and served in various positions with the Government of Andhra Pradesh and the Government of India, including as Secretary - Department of Finance and Planning, Government of Andhra Pradesh, Additional Secretary - Ministry of Home Affairs, Secretary - Department of Disinvestment, and Revenue Secretary - Government of India. He is also a Director of on the boards of GlaxoSmithKline Pharmaceuticals Limited, Tube Investments of India Limited, L&T Finance Limited, L&T Finance Holdings Limited, NOCIL Limited, Heidelberg Cement India Limited, Cholamandalam MS General Insurance Company Limited, A.P.I.D.C. Venture Capital Private Limited, Joshi Technologies International Inc. and Ballarpur Industries B V. He was previously a director of Ballarpur Industries Limited and BILT Graphic Paper Products Limited. He was appointed as an Independent Director of our Company on September 24, 2015.

**Relationship between our Directors**

Other than Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar, who are brothers, none of the other Directors are related to each other.

**Confirmations**

None of our Directors is or was a director of any listed company during the last five years preceding the date of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange.

**Terms of Appointment of the Executive Directors**

***Kailash Sahebrao Katkar***

Kailash Sahebrao Katkar was re-appointed as the Managing Director and Chief Executive Officer of our Company pursuant to the resolution passed by our Shareholders on August 28, 2015 for a period of five years with effect from April 1, 2015 till March 31, 2020.

Our Company has entered into an Employment and Confidentiality Agreement dated August 28, 2015 ("**Kailash Katkar Agreement**") with Kailash Sahebrao Katkar appointing him as a Managing Director and Chief Executive Officer of our Company for a period of 5 years from April 1, 2015. Pursuant to a board resolution dated April 8, 2015 he is entitled to the following remuneration with effect from April 1, 2015:

| Particulars | Remuneration (in ₹) |
|---|---|
| Basic salary per month | 309,750 |
| Other allowances per month | 575,250 |
| Festival bonus per annum | 20,000 |
| Performance linked incentives per annum | 2,300,000 |

Additionally, he is also entitled to one car.

The Kailash Katkar Agreement does not provide for any benefits after termination of services to Kailash Sahebrao Katkar.

***Sanjay Sahebrao Katkar***

Sanjay Sahebrao Katkar was re-appointed as the Managing Director and Chief Technical Officer of our Company pursuant to the resolution passed by our Shareholders on August 28, 2015 for a period of five years with effect from April 1, 2015 till March 31, 2020.

Our Company has entered into an Employment and Confidentiality Agreement dated August 28, 2015 ("**Sanjay Katkar Agreement**") with Sanjay Sahebrao Katkar appointing him as a Managing Director and Chief Technical Officer of our Company for a period of 5 years from April 1, 2015. Pursuant to a board resolution dated April 8, 2015 he is entitled to the following remuneration with effect from April 1, 2015:

| Particulars | Remuneration (in ₹) |
|---|---|
| Basic salary per month | 309,750 |
| Other allowances per month | 575,250 |
| Festival bonus per annum | 20,000 |
| Performance linked incentives per annum | 2,300,000 |

Additionally, he is also entitled to one car.

The Sanjay Katkar Agreement does not provide for any benefits after termination of services to Sanjay Sahebrao Katkar.

***Abhijit Shantaram Jorvekar***

Pursuant to board resolution dated April 8, 2015, Abhijit Shantaram Jorvekar is entitled to the following remuneration with effect from April 1, 2015:

| Particulars | Remuneration (in ₹) |
|---|---|
| Basic salary per month | 175,000 |
| Other allowances per month | 325,000 |
| Festival bonus per annum | 20,000 |
| Performance linked incentives per annum | 3,000,000 |

Additionally, he is also entitled to medical insurance, accidental insurance, contribution to provident fund, and gratuity.

**Payment or benefit to Directors of our Company**

No sitting fees / other remuneration was paid to Directors of our Company in Financial Year 2015.

**1. Remuneration to Managing Directors and Executive Director:**

The aggregate value of the remuneration paid by our Company to the Managing Directors and Executive Director in the Financial Year 2015 was ₹ 28.43 million.

The details of remuneration paid to our Executive Directors in the Financial Year 2015 are as follows:

| Name of Director | Remuneration (in ₹ million) |
|---|---|
| Kailash Sahebrao Katkar | 10.02 |
| Sanjay Sahebrao Katkar | 10.02 |
| Abhijit Shantaram Jorvekar | 8.39 |

**2. Remuneration to Non-Executive Directors:**

Pursuant to a Board resolution dated January 4, 2016, our Company shall pay sitting fees of ₹ 15,000 per day for Board or sub-committee meetings attended, to our Non-Executive Independent Directors.

Further, pursuant to a Shareholders' resolution dated August 28, 2015, commission is payable to our Non-Executive Independent Directors who are neither in the whole time employment of the Company nor Managing Directors of the Company, for each financial year with effect from April 1, 2015 in accordance with and up to the limits laid down under Section 197 of the Companies Act, 2013, and computed in the manner as specified in the Companies Act, 2013, in such manner and up to such extent as the Board of Directors of our Company may so determine from time to time.

In addition to the above, travel expenses for attending meetings of the Board of Directors or a committee thereof, office visits and other Company related expenses are borne by our Company on behalf of the Non-Executive Directors, from time to time.

Except as disclosed in this Prospectus, none of the beneficiaries of loans, advances and sundry debtors are related to our Directors. Except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors and Key Management Personnel, are entitled to any benefits.

No remuneration has been paid, or is payable, to the Directors of our Company by our Subsidiaries.

**Benefits upon termination**

Except as provided above and other applicable statutory benefits, there are no service contracts entered into with any of our Directors for provision of any other benefits or payments upon termination of employment.

**Bonus or profit sharing plan for our Directors**

Except as disclosed otherwise in this section, there is no bonus or profit sharing plan for our Directors

**Arrangement or understanding with major shareholders, customers, suppliers or others**

Under the Articles of Association, Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III (the "**Investors**") have the right to appoint a nominee director on the Board of our Company. This right will cease upon listing of the Equity Shares of our Company.

Other than the above, there is no right, arrangement or understanding with the major shareholders, customers, suppliers of our Company, or others, pursuant to which any of our Directors were appointed on the Board.

**Shareholding of Directors in our Company**

Other than the following, none of our Directors holds any Equity Shares as of the date of filing this Prospectus:

| Name of Director | Number of Equity Shares held | Percentage Shareholding (%) |
|---|---|---|
| Kailash Sahebrao Katkar jointly held with Anupama Katkar[(1)] | 22,351,384 | 35.91 |
| Sanjay Sahebrao Katkar jointly held with Dr. Chhaya Katkar[(2)] | 22,351,384 | 35.91 |
| Abhijit Shantaram Jorvekar | 156,100 | 0.25 |

*(1) Kailash Sahebrao Katkar is also joint holder for 5,003,976 Equity Shares held by Anupama Katkar amounting to 8.04% of the total shareholding in our Company.*
*(2) Sanjay Sahebrao Katkar is also joint holder for 5,003,976 Equity Shares held by Dr. Chhaya Katkar amounting to 8.04% of the total shareholding in our Company.*

Our Articles of Association do not require our Directors to hold any qualification shares.

**Shareholding of Directors in Subsidiaries**

The shareholding of the Directors in our Subsidiaries is set forth below:

| Name of the Director | Name of the Subsidiary | Number of equity shares | Percentage of shareholding |
|---|---|---|---|
| Sanjay Sahebrao Katkar (as nominee for the benefit of our Company) | QH Kenya | 10 | 0.00 |

**Interest of Directors**

All Directors may be deemed to be interested to the extent of fees, commission and travel expenses being borne by our Company for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses and other remuneration and reimbursements. Our Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares or equity shares of our Subsidiaries held by them as disclosed in this Prospectus. Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees, beneficiaries or promoter, pursuant to the Offer. All of our Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares.

Our Company has entered into agreements with Kailash Sahebrao Katkar, Kailash Sahebrao Katkar HUF, Sanjay Sahebrao Katkar HUF, Anupama Katkar, and Dr. Chhaya Katkar for the lease of premises. For further details, see "*Promoters and Promoter Group – Insterest of Promoters*" on page 186. Further, our Company has entered into an agreement dated June 30, 2015 with RippleWave Equity Advisors LLP for, *inter alia*, strategic advice, corporate finance advisory and other financial and corporate advisory services, for which certain fees are payable by our Company. Our Company had also entered into an agreement dated December 21, 2012 with RippleWave Equity Private Limited (now converted to Ripplewave Advisors LLP) to engage them as financial advisors for some M&A activities for which fees are payable. Mehul Mulchand Savla holds 40% share in these entities. For further details, see "*Related Party Transactions*" on page 190.

Other than the above, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors. Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors.

Except Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business. Further, except as disclosed in this Prospectus, our Directors have no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of the Draft Red Herring Prospectus.

**Changes in the Board in the last three years**

| Name | Date | Appointment/ Cessation/Change in designation | Reason |
|---|---|---|---|
| Sumir Chadha | February 3, 2014 | Cessation | Resignation |
| Shailesh Lakhani | April 29, 2014 | Appointment | Appointment as Nominee Director |
| Apurva Pradeep Joshi | August 21, 2015 | Appointment | Appointment as an Additional Director |
| Sunil Sethy | August 21, 2015 | Appointment | Appointment as an Additional Director |
| Pradeep Vasudeo Bhide | August 21, 2015 | Appointment | Appointment as an Additional Director |
| Mehul Mulchand Savla | August 21, 2015 | Change in designation | Change from professional to Independent Director |
| Shailesh Lakhani | September 4, 2015 | Change in designation | Change from Nominee to Non-Executive Director |
| Apurva Pradeep Joshi | September 24, 2015 | Change in designation | Regularisation |
| Sunil Sethy | September 24, 2015 | Change in designation | Regularisation |
| Pradeep Vasudeo Bhide | September 24, 2015 | Change in designation | Regularisation |
| Mehul Mulchand Savla | September 24, 2015 | Change in designation | Regularisation |
| Shailesh Lakhani | September 24, 2015 | Change in designation | Regularisation |

**Borrowing Powers of Board**

Our Articles, subject to the provisions of the Companies Act, 2013 authorise our Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the operations of our Company. Provided however, where the money to be borrowed together with the money already borrowed (apart from temporary loans (as defined under the Companies Act) obtained from our Company's bankers in the ordinary course of business) exceeds the aggregate of the paid-up share capital of our Company and its free reserves, the Board shall not borrow such moneys without the consent of the Shareholders in a General Meeting.

**Corporate Governance**

The provisions of the Listing Regulations will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the Listing Regulations and the Companies Act, pertaining to the constitution of the Board and committees thereof. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

Currently, our Board has eight Directors. In compliance with the Listing Regulations, the Board comprises of three Executive Directors, one Non-Executive Director and four Independent Directors of which one is a woman Director.

**Committees of the Board**

The Board has constituted the following committees in accordance with the requirements of the Companies Act, 2013 and Listing Regulations:

***Audit Committee***

The members of the Audit Committee are:

1. Sunil Sethy, Chairman – Independent Director;

2. Kailash Sahebrao Katkar, Member – Managing Director and Chief Executive Officer; and

3. Apurva Pradeep Joshi, Member – Independent Director.

The Audit Committee was constituted by a resolution of our Board dated September 24, 2015. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Part C of Schedule II of the Listing Regulations and its terms of reference include the following:

(a) Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
(b) Providing recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;

(c) Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;

(d) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(e) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    (i) Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;

    (ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements

(vi) Disclosure of any related party transactions; and

(vii) Modified opinion in the draft audit report.

(f) Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;

(g) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(h) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

(i) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(j) Discussion with internal auditors any significant findings and follow up there on;

(k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(l) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(m) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(n) Review the functioning of the whistle blower mechanism;

(o) Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;

(p) Approval or any subsequent modification of transactions of the company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

(q) Scrutiny of inter-corporate loans and investments;

(r) Valuation of undertakings or assets of the company, wherever it is necessary;

(s) Evaluation of internal financial controls and risk management systems; and

(t) Carry out any other function as mentioned in the terms of reference of the Audit committee and in accordance with the Companies Act, 2013, SEBI ICDR Regulations and Listing Regulations.

Powers of the Audit committee shall include the following:

(a) To investigate any activity within its terms of reference;

(b) To seek information from any employee;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it is considered necessary.

The Audit committee also reviews the following information:

(a) Management's discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transaction (as defined by the Audit committee), submitted by the management;

(c) Management letters/letters of internal control weakness issued by the statutory auditors;

(d) Internal audit reports relating to internal control weaknesses; and

(e) The appointment, removal and terms of remuneration of the chief internal auditor.

(f) statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Regulation 32(1) of the Listing Regulations.

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

The Audit Committee is required to meet at least four times in a year under Regulation 18 (2)(a) of the Listing Regulations.

***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Mehul Mulchand Savla, Chairman – Independent Director;

2. Sunil Sethy, Member – Independent Director; and

3. Apurva Pradeep Joshi, Member – Independent Director.

The Nomination and Remuneration Committee was constituted by a resolution of our Board dated September 24, 2015. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and Part D, Schedule II of the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;

(e) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(h) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(k) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

(l) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration committee.

***Stakeholder Relationship Committee***

The members of the Stakeholder Relationship Committee are:

1. Pradeep Vasudeo Bhide, Chairman – Independent Director;

2. Mehul Mulchand Savla, Member – Independent Director; and

3. Kailash Sahebrao Katkar, Member – Managing Director and Chief Executive Officer.

The Stakeholder Relationship Committee was constituted by a resolution of our Board dated September 24, 2015 and was further re-constituted on January 4, 2016. This committee is responsible for the redressal of shareholder grievances. The scope and function of the Stakeholder Relationship Committee is in accordance with Section 178 of the Companies Act and Part D, Schedule II of the Listing Regulations. The terms of reference of the Stakeholder Relationship Committee include the following:

(a) Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders etc.

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialisation of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;

(d) Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be assigned by the Board; and

(e) Carrying out any other function as may be delegated by the Board of Directors.

***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Apurva Pradeep Joshi, Chairperson – Independent Director;

2. Kailash Sahebrao Katkar, Member – Managing Director and Chief Executive Officer; and

3. Sanjay Sahebrao Katkar, Member – Managing Director and Chief Technical Officer.

The Corporate Social Responsibility Committee was re-constituted by a resolution of our Board dated September 24, 2015. The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act. The terms of reference of the Corporate Social Responsibility Committee include the following:

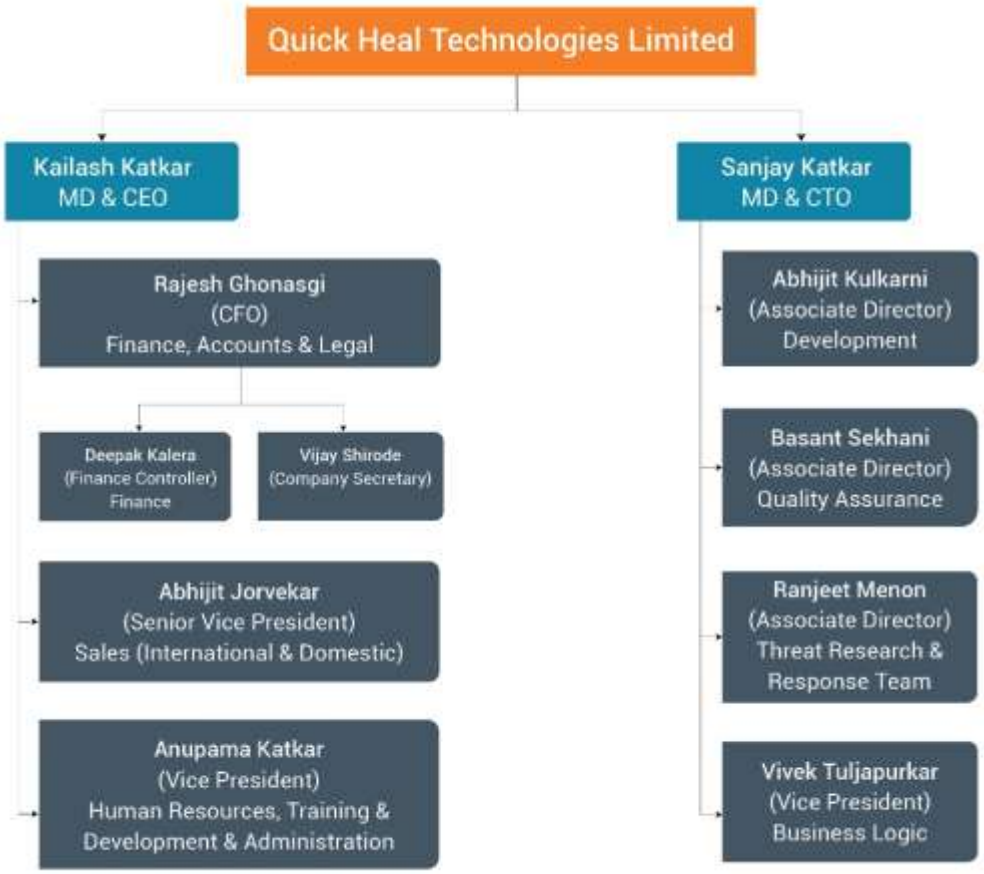
(a) Formulate and recommend to the Board of Directors, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

(b) Review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

(c) Monitor the corporate social responsibility policy of the Company and its implementation from time to time; and

(d) Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

**Management Organisation Chart**



**Bonus or profit sharing plan for our Executive Directors and Key Management Personnel**

Kailash Sahebrao Katkar, Abhijit Shantaram Jorvekar, Rajesh Ghonasgi, Vijay Shirode, Deepak Kalera and Anupama Katkar are entitled to performance linked bonus under the Ex-Gratia Policy of our Company. It is applicable only to employees in certain grades in the commercial departments of the Company. The variable pay is calculated and disbursed once a year. The variable pay is dependent on factors like individual performance in the key responsibility area, leadership skills, and behavioural competency.

Sanjay Sahebrao Katkar, Abhijit Kulkarni, Ranjeet Menon, Basant Sekhani and Vivek Tuljapurkar are entitled to performance linked bonus under the Variable Performance Pay Policy of our Company ("**VPP Policy**"). The VPP Policy is applicable to only employees in certain grades in the Research and Development department. Variable pay is calculated and disbursed once a year. Variable pay is dependent on factors like our Company's performance, individual performance and team performance.

**Key Management Personnel**

Provided below are the details of our Key Management Personnel, other than the Managing Directors and Executive Director of our Company, as on the date of this Prospectus:

**Rajesh Ghonasgi**, 54 years, is the Chief Financial Officer of our Company and is responsible for financial planning, funds management, accounting and reporting, strategic initiatives, investor relations, risk management and control processes. He holds a Bachelor's degree in commerce from University of Mumbai. He is a member of the Institute of Chartered Accountants of India, the Institute of Cost and Works Accounts, and the Institute of Company Secretaries of India. Prior to joining our Company he has worked with Komli Media India Private Limited, Persistent Systems Limited, Apcosoft Infoway Private Limited, Wipro Technologies Limited, Deutsche Software Limited, Hexaware Technologies Limited, and ICICI Venture Funds Management Company Limited. He joined our Company on September 2, 2013. His gross remuneration for the Financial Year 2015 was ₹ 9.34 million.

**Vijay B. Shirode**, 35 years, is the Company Secretary and Compliance Officer of our Company. He is a fellow member of Institute of Company Secretaries of India and he also holds a Bachelor's degree in law and in commerce and a Masters' degree in commerce from University of Pune. Prior to joining our Company, he has worked with BNC Power Projects Limited, Kinetic Engineering Limited, Trinity India Limited, and Anil Printers Limited. He joined our Company on September 23, 2013. His gross remuneration for the Financial Year 2015 was ₹ 0.92 million.

**Deepak Kalera,** 38 years, is the Finance Controller of our Company and is responsible for financial planning, funds management, accounting and reporting, treasury management, risk management establishing systems and control processes. He holds a Bachelor's degree in Commerce from Pune University. He is a member of the Institute of Chartered Accountants of India and has a diploma in international finance reporting from the Association of Chartered Certified Accountants (ACCA), U.K. Prior to joining our Company, he has worked with KSH International Private Limited and Autoline Industries Limited. He joined our Company on April 1, 2014. His gross remuneration for the Financial Year 2015 was ₹ 1.84 million.

**Anupama Katkar**, 44 years, is the Vice President – Human Resources, Administration, and Training and Development. She holds a Bachelor's degree in commerce from University of Pune. She joined our Company on May 1, 2011. Her gross remuneration for the Financial Year 2015 was ₹ 2.55 million.

**Abhijit Kulkarni**, 36 years, is the Associate Director – Development of our Company and heads the development team. He holds a Master's degree in computer science from University of Pune. He joined our Company on January 1, 2002. His gross remuneration for the Financial Year 2015 was ₹ 5.31 million.

**Basant Sekhani**, 36 years, is the Associate Director – Quality Assurance of our Company and is responsible for quality assurance. He has passed the higher secondary examination. He joined our Company on May 2, 2003. His gross remuneration for the Financial Year 2015 was ₹ 4.82 million.

**Ranjeet Menon**, 36 years, is the Associate Director – Threat Research and Response of our Company and heads the threat research and response team. He holds a Bachelor's degree in computer science from Bharati Vidyapeeth Univeristy, Pune. He joined our Company on June 20, 2000. His gross remuneration for the Financial Year 2015 was ₹ 4.37 million.

**Vivek Tuljapurkar**, 55 years, is the Vice President – Business Logic of our Company and is responsible for business logic. He holds a Master's degree in mechanical engineering from Drexel University. Prior to joining our Company, he has worked with Persistent Systems Limited, ZLemma Analytics Private Limited, and Avaya India Private Limited. He joined our Company on November 14, 2014. His gross remuneration for the Financial Year 2015 was ₹ 1.79 million.

All Key Management Personnel as disclosed above are permanent employees. None of our Key Management Personnel, mentioned above, are related to each other.

Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Abhijit Shantaram Jorvekar, Rajesh Ghonasgi, and Vijay Shirode are Key Managerial Personnel as defined under Section 203 of the Companies Act, 2013.

**Family relationships of Directors with Key Management Personnel**

Anupama Katkar is the wife of Kailash Sahebrao Katkar. Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar are brothers. No other Key Management Personnel of our Company are related to the Directors of our Company.

**Arrangements and Understanding with Major Shareholders**

None of our Key Management Personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

**Shareholding of the Key Management Personnel**

Other than the shareholding of Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar and Abhijit Shantaram Jorvekar as disclosed on page 175 above, following Key Management Personnel hold Equity Shares of our Company as disclosed below:

| Name of Key Manegement Personnel | Number of Equity Shares held | Percentage Shareholding (%) |
|---|---|---|
| Anupama Katkar jointly held with Kailash Sahebrao Katkar[(1)] | 5,003,976 | 8.04 |
| Abhijit Kulkarni | 1,03,000 | 0.17 |
| Ranjeet Menon | 94,490 | 0.15 |
| Rajesh Ghonasgi | 26,000 | 0.04 |
| Basant Sekhani | 3,424 | 0.01 |
| Deepak Kalera | 3,000 | 0.00 |

*(1) Anupama Katkar is also a joint holder of 22,351,384 Equity Shares held by Kailash Sahebrao Katkar amounting to 35.91% of the total shareholding in our Company.*

No other Key Management Personnel hold any Equity Shares in our Company as on the date of this Prospectus.

**Interest of Key Management Personnel**

Except for the rent payable by our Company to Anupama Katkar in respect of the lease deeds executed between our Company and Anupama Katkar as disclosed in "*Promoters and Promoter Group – Interest of Promoters*" on page 186, the Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

The Key Management Personnel may also be regarded as interested in the Equity Shares/stock options, if any, held by them or that may be subscribed by them or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of the Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

None of the Key Management Personnel have been paid any consideration/benefits of any nature by our Company, other than remuneration and bonus due to them.

**Changes in the Key Management Personnel**

The changes in the Key Management Personnel, otherwise than by way of retirement in the normal course during the last three years prior to the date of filing this Prospectus are as follows:

| Name of the KMPs | Designation | Date of change | Reason |
|---|---|---|---|
| Abhijit Barje | Company Secretary | March 7, 2013 | Appointed |
| Abhijit Kulkarni | Associate Director – Development | May 10, 2013 | Appointed |
| Basant Sekhani | Associate Director – Quality Assurance | May 10, 2013 | Appointed |
| Ranjeet Menon | Associate Director – Threat Research | May 10, 2013 | Appointed |
| Rajesh Ghonasgi | Chief Financial Officer | September 2, 2013 | Appointed |
| Ashok Damle | Chief Financial Officer | September 5, 2013 | Resigned |
| Abhijit Barje | Company Secretary | September 23, 2013 | Resigned |
| Vijay Shirode | Company Secretary | September 23, 2013 | Appointed |
| Dhanesh Chopda | Finance Controller | March 14, 2014 | Resigned |
| Deepak Kalera | Finance Controller | April 1, 2014 | Appointed |
| Vivek Tuljapurkar | Vice President – Business Logic | November 14, 2014 | Appointed |
| Abhijit Shantaram Jorvekar | Senior Vice President – Sales and Marketing | June 1, 2015 | Appointed |

**Employee Stock Option Plan / Employee Stock Purchase Scheme**

For details in relation to employee stock option plan scheme of our Company, see section "*Capital Structure*" at page 99.

**Loans taken by Directors / Key Management Personnel**

Our Company has not granted any loans to our Directors and/ or Key Management Personnel.

**Payment or Benefit to officers of our Company**

No amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any officer of our Company pursuant to any consideration provided by such officer.

**Other Confirmation**

None of the Directors and Key Management Personnel has been paid any benefits in kind. No compensation has been paid by our Company to the Directors and Key Management Personnel in capacities other than their directorship and position of employment, respectively. Further, no contingent or deferred compensation has accrued during fiscal year 2015, which is payable at a later date, in respect of the Directors and Key Management Personnel.

## PROMOTERS AND PROMOTER GROUP

Our Company's Promoters are Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar and Dr. Chhaya Katkar. As on the date of this Prospectus, our Promoters and Promoter Group together hold 54,710,720 Equity Shares representing 87.90% of the fully paid up Equity Share capital of our Company.

Details of our Promoters are as follows:

### 1. Kailash Sahebrao Katkar

Kailash Sahebrao Katkar, aged 49 years, is the Managing Director and Chief Executive Officer of our Company.

Driving licence: MH12 20010206159
Passport no.: Z2076639
Voters identity card: TBZ1530302

For further details, see "*Management – Brief Biographies of Directors*" on page 172.

### 2. Sanjay Sahebrao Katkar

Sanjay Sahebrao Katkar, aged 45 years, is the Managing Director and Chief Technical Officer of our Company.

Driving licence: MH12 20100056587
Passport no.: K5474005
Voters identity card: FGD1648070

For further details, see "*Management – Brief Biographies of Directors*" on page 172.

### 3. Anupama Katkar

Anupama Katkar, aged 44 years, is the Vice President – Human Resources, Administration, and Training and Development of our Company.

Driving licence: MH12 20020303213
Passport no.: L2545710
Voters identity card: MT/0042/0246/418038
Residential address: B-101, Omkar Puru Housing Society, Airport Road, Pune 411 032

For further details, see "*Management – Key Management Personnel*" on page 182.

**4. Dr. Chhaya Katkar**

Dr. Chhaya Katkar, aged 42 years, holds a MBBS degree and a diploma in ophthalmic medicine and surgery from University of Pune. She is currently associated with Aakash Eye Hospital, Pune. Earlier, she was a Director at Cat Labs Private Limited.

Driving licence: Not available
Passport no.: G6034350
Voters identity card: FGD1648088
Residential address: S4/1, Siddeshwar Nagar, Tingre Nagar Road, Vishrantwadi, Pune 411 01

We confirm that the PAN, bank account number and passport number of our Promoters, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

**Change in control of our Company in the last five years**

There has been no change in the control of our Company in the last five years.

**Interests of Promoters**

Our Promoters are interested in our Company to the extent of their respective shareholding, dividends received by them on such shareholding, and the remuneration/ commission received by them in their capacity as a Director or a Key Management Personnel, as the case may be. For details of our Promoters' shareholding in our Company, see "*Capital Structure*" on page 84 and for details of the remuneration paid by our Company to our Promoters, see "*Management – Terms of Appointmentof the Executive Directors*" on page 173.

Further, our Promoters are also directors on the board or are members of some of our Subsidiaries and may be deemed to be interested to the extent of the payments made by our Company, if any, to such of our Subsidiaries. For details regarding the payments made by our Company to certain group entities, see "*Related Party Transactions*" on page 190.

Except as stated hereunder "*Promoters and Promoter Group – Interests of Promoters*" and in "*Related Party Transactions*" on pages 186 and 190, respectively, we have not entered into any contract, agreements or arrangements which are not in the ordinary course of business during the preceding two years from the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively or propose to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them.

1. Our Company has entered into a lease deed dated December 15, 2011 with Kailash Sahebrao Katkar HUF for the premises situated at Phulengar, Yerwada, Pune for a period of 10 years commencing from December 15, 2011 ("**Kailash HUF Lease Deed**"). In terms of the Kailash HUF Lease Deed, our Company has paid, aggregate amounts of ₹ 0.75 million, ₹ 0.68 million and ₹ 0.40 million for the years ended March 31, 2015, March 31, 2014 and six months ended September 30, 2015, respectively, to Kailash Sahebrao Katkar HUF as rent. In terms of the Kailash HUF Lease Deed, the monthly rent for the initial year of the lease was ₹ 50,000, subject to an annual escalation of 10% on the rent payable in the previous year.

2. Our Company has entered into a lease deed dated December 15, 2011 with Sanjay Sahebrao Katkar HUF for the premises situated at MHADA Commercial Complex, Yerwada, Pune for a period of 10 years commencing from December 15, 2011 ("**Sanjay HUF Lease Deed**"). In terms of the Sanjay HUF Lease Deed, our Company has paid, aggregate amounts of ₹ 0.75 million, ₹ 0.68 million and ₹ 0.40 million for the years ended March 31, 2015, March 31, 2014 and six months ended September 30, 2015, respectively, to Sanjay Sahebrao Katkar HUF as rent. In terms of the Sanjay HUF Lease Deed, the monthly rent for the initial year of the lease was ₹ 50,000, subject to an annual escalation of 10% on the rent payable in the previous year.

3. Our Company has entered into a lease deed dated December 15, 2011 with Anupama Katkar for the premises situated at 502, Sadashiv Peth, L. B. Shastri Road, Pune for a period of 10 years commencing from December

15, 2011 ("**Anupama Lease Deed**"). In terms of the Anupama Lease Deed, our Company has paid, aggregate amounts of ₹ 0.22 million, ₹ 0.20 million and ₹ 0.12 million for the years ended March 31, 2015, March 31, 2014 and six months ended September 30, 2015, respectively, to Anupama Katkar as rent. In terms of the Anupama Lease Deed, the monthly rent for the initial year of the lease was ₹ 15,000, subject to an annual escalation of 10% on the rent payable in the previous year.

4. Our Company has entered into a lease deed dated December 15, 2011 with Dr. Chhaya Katkar for the premises situated at 501, Sadashiv Peth, L. B. Shastri Road, Pune for a period of 10 years commencing from December 15, 2011 ("**Chhaya Lease Deed**"). In terms of the Chhaya Lease Deed, our Company has paid, aggregate amounts of ₹ 0.22 million, ₹ 0.20 million and ₹ 0.12 million for the years ended March 31, 2015, March 31, 2014 and six months ended September 30, 2015, respectively, to Dr. Chhaya Katkar as rent. In terms of the Chhaya Lease Deed, the monthly rent for the initial year of the lease was ₹ 15,000, subject to an annual escalation of 10% on the rent payable in the previous year.

5. Our Company has entered into a lease deed dated October 1, 2012 with Kailash Sahebrao Katkar for the premises situated at S. No. Old No. 177, New No 6, PID NO 58/36/6, 36G Cross Road, Ward No 58, Jayanagar, Fourth T Block, Bangalore for a period of five years commencing from April 1, 2012 ("**Kailash Lease Deed**"). In terms of the Kailash Lease Deed, our Company has paid, aggregate amounts of ₹ 0.96 million, ₹ 0.96 million and ₹ 0.48 million for the years ended March 31, 2015, March 31, 2014 and six months ended September 30, 2015, respectively, to Kailash Sahebrao Katkar as rent. In terms of the Kailash Lease Deed, the monthly rent for the initial year of the lease was ₹ 80,000.

Our Promoters are not interested in any property acquired by us in the two years preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively, or proposed to be acquired by us.

Our Promoters are not related to any of the sundry debtors of our Company.

**Payment or benefits to our Promoters in the last two years**

Except as stated in this section and in "*Related Party Transactions*" and "*Management*" on page 190 and 169 of this Prospectus, respectively, no benefits have been paid or given to our Promoters or our Promoter Group, within the two years preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively or is intended to be paid or given.

**Common Pursuits**

None of our Promoters are engaged in the same line of business as our Company or have any interest in any venture that is involved in activities similar to those conducted by our Company.

Our Company will adopt necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

**Other confirmations**

None of our Promoters and Promoter Group is prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority, regulatory or governmental.

Our Promoters have not been declared as wilful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the government or statutory authority during the last five years preceding the date of the Offer against our Promoters, except as disclosed in "*Outstanding Litigation and Material Developments*" on page 338.

**Companies with which our Promoters have disassociated in the last three years**

Our Promoters have not disassociated from any company or firm in the last three years preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, respectively.

**Promoter Group**

Other than our Promoters, our Promoter Group comprises of individuals and HUFs.

**1. Natural persons who are a part of the Promoter Group**

| Sr. No. | Name | Relationship with Promoter |
|---|---|---|
| 1. | Sahebrao Katkar | Father of Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar |
| 2. | Narmada Katkar | Mother of Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar |
| 3. | Asha Pawar | Sister of Kailash Sahebrao Katkar and Sanjay Katkar |
| 4. | Lakshman Nukal | Father of Anupama Katkar |
| 5. | Yashoda Lakshman | Mother of Anupama Katkar |
| 6. | Vishwanath Nukal | Brother of Anupama Katkar |
| 7. | Malini Arun | Sister of Anupama Katkar |
| 8. | Sneha Katkar | Daughter of Kailash Sahebrao Katkar and Anupama Katkar |
| 9. | Yash Katkar | Son of Sanjay Sahebrao Katkar and Chhaya Katkar |
| 10. | Aditya Katkar | Son of Sanjay Sahebrao Katkar and Chhaya Katkar |

**2. HUFs forming part of the Promoter Group**

1. Kailash Sahebrao Katkar HUF
2. Sanjay Sahebrao Katkar HUF

**3. Trusts forming part of the Promoter Group**

1. Quick Heal Foundation

**4. Corporate entities forming part of the Promoter Group**

There are no corporate entities forming part of our Promoter Group.

## GROUP COMPANIES

In accordance with the provisions of the SEBI ICDR Regulations, for the purpose of identification of 'Group Companies', our Company has considered companies as covered under the applicable accounting standards, being AS 18 (as mentioned in our Restated Consolidated Summary Statements for six months ended September 30, 2015) and other companies as per the policy adopted by our Board. Our Board, in its meeting held on dated September 24, 2015, has decided that a company shall be considered as a 'Group Company' if: (i) such company is part of the "Promoter Group" of our Company in terms Regulation 2(1)(zb) of the SEBI ICDR Regulations; and (ii) our Company has entered into one or more transactions with such company during the last completed financial year which in value exceeds 10% of the total consolidated revenue of our Company for that financial year as per the audited financial statements.

Based on the above, there are no Group Companies of our Company.

## RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five financial years, as per the requirement under Accounting Standard 18 "Related Party Disclosures" issued by ICAI, see "*Financial Statements –Restated Unconsolidated Statement of Related Party Transactions*" and "*Financial Statements – Restated Consolidated Statement of Related Party Transactions*" on pages 242 and 294, respectively.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of the Company, at their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013. While recommending the dividend, the Board will consider a number of factors, including but not limited to, results of operations, working capital and capital expenditure requirement, including infrastructure needs of the Company, its Subsidiaries, its Associates and joint ventures ("**Group**"), debt servicing requirements of the Group, contractual restrictions and other uses of funds including acquisitions, and ensuring an acceptable credit rating and overall financial position of the Company.

The declaration of dividend will however always be at the sole discretion of the Board (subject to approval by the shareholders of the Company) and who will review this policy periodically keeping in mind the business environment and requirements of the Group.

**Dividends/ interim dividend declared in the last five fiscal years**

Except as stated below, our Company has not declared any dividends in any of the five fiscal years preceding the filing of the Draft Red Herring Prospectus.

| Financial Year | Dividend per share (₹) | Amount of dividend declared and paid excluding dividend distribution tax (₹ in million) | Rate of dividend (%) |
|---|---|---|---|
| 2015 | 7.50 | 458.02 | 75.00 |
| 2014 | 7.50 | 94.58 | 75.00 |
| 2013*^ | 2.50 | 19.08 | 25.00 |
| 2012*^ | 1.50 | 11.45 | 15.00 |
| 2011^ | - | - | - |

* *Includes interim dividend*

^ *Includes dividend paid for Class 'A' Equity Shares*

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts which may be paid in the future, if any. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends, if any, shall depend on various factors such our revenues, profits, cash flow, financial condition and capital requirements of our Company.

## SECTION V: FINANCIAL INFORMATION
## FINANCIAL STATEMENTS

**Report of auditors on the Restated Unconsolidated Summary Statements of Assets and Liabilities as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 and Profits and Losses and Cash Flows for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 of Quick Heal Technologies Limited (collectively, the "Restated Unconsolidated Summary Statements")**

To,
The Board of Directors
Quick Heal Technologies Limited
Marvel Edge, Office no, 7010 C & D,
7th Floor, Viman Nagar
Pune – 411 014

Dear Sirs,

1. We have examined the Restated Unconsolidated Summary Statements of Quick Heal Technologies Limited (the "Company") as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011; and for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011, annexed to this report for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which have been approved by the Board of Directors, has been prepared by the Company in accordance with the requirements of:

    a) Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act 2013 (the "Act") read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

2. We have examined such Restated Unconsolidated Summary Statements taking into consideration:

    a) the terms of our engagement agreed with you vide our engagement letter dated September 3, 2015, requesting us to carry out work on such restated financial information, proposed to be included in the offer document of the Company in connection with the Company's proposed IPO; and

    b) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

3. The Company proposes to make an IPO which comprises of a fresh issue of equity shares of Rs. 10 each as well as an offer for sale by certain shareholders' existing equity shares of Rs. 10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

**Restated Unconsolidated Summary Statements as per audited financial statements:**

4. The Restated Unconsolidated Summary Statements has been compiled by the management from:

    a) the audited unconsolidated financial statements of the Company, as at September 30, 2015, March 31, 2015 and for the six months period ended September 30, 2015, year ended March 31, 2015, prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors on January 4, 2016 and September 24, 2015 respectively;

b) the audited unconsolidated financial statements of the Company, as at and for each of the years ended March 31, 2014, 2013, 2012 and 2011, prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors on September 26, 2014, August 22, 2013, June 28, 2012 and September 22, 2011 respectively; and

c) books of accounts and other records of the Company and related information, in relation to the year ended March 31, 2011 to the extent considered necessary, for the presentation of the Restated Unconsolidated Summary Statements under the requirements of the Schedule III of the Companies Act, 2013, as the case may be.

5. For the purpose of our examination, we have relied on:

   a. Auditor's report issued by us dated January 4, 2016 and September 24, 2015 on the unconsolidated financial statements of the Company as at September 30, 2015, March 31, 2015 and for the six months period ended September 30, 2015, year ended March 31, 2015 as referred in Para 4 (a) above; and
   b. Auditor's report issued by S. V. Ghatalia & Associates LLP dated September 26, 2014, August 22, 2013, June 28, 2012 and September 22, 2011 on the unconsolidated financial statements of the Company as at and for each of the years ended March 31, 2014, 2013, 2012 and 2011 as referred in Para 4 (b) above.

6. In accordance with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Regulations and terms of our engagement agreed with you, we report that, read with paragraph 4 and 5 above, we have examined the Restated Unconsolidated Summary Statements as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 and for six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 as set out in Annexures I to III.

7. Based on our examination and the audited financial statements of the Company for the six months period ended September 30, 2015 and each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011, as stated in Para 4 (a) and (b) above, and the reliance placed on the reports of the previous auditors as referred to in Para 5(b) above, we report that:

   i. The Restated Unconsolidated Summary Statements have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report;

   ii. There are no accounting policies changes in the financial statements as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 and for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 that have been adjusted for, and, that there have been accounting policy changes as stated in note 2(b) in Annexure IV to the Restated Unconsolidated Summary Statements, which are not adjusted for, since their impact is not material;

   iii. Adjustments for the material amounts in the respective financial years to which they relate have been adjusted in the Restated Unconsolidated Summary Statements;

   iv. There are no extraordinary items which need to be disclosed separately in the Restated Unconsolidated Summary Statements;

   v. There are no qualifications in the auditors' reports on the Unconsolidated Financial Statements of the Company as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 and for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 which require any adjustments to the Restated Unconsolidated Summary Statements; and

   vi. Further, the auditors' report on the Unconsolidated Financial Statements for the following years included an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

   **For the six months period ended September 30, 2015**

We draw attention to note 25(i) to the financial statements, wherein it is stated that the Company has received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

(The note reference given above, is included as note 4(F) (i) in the Annexure IV to the Restated Unconsolidated Summary Statements.)

**For the year ended March 31, 2015**

We draw attention to note 31(i) to the financial statements, wherein it is stated that the Company has received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

(The note reference given above, is included as note 4(F) (ii) in the Annexure IV to the Restated Unconsolidated Summary Statements.)

**Year ended March 31, 2013**

We draw attention to note 30(iii) to the financial statements, wherein it is stated that the Company has received a demand of VAT in the State of Himachal Pradesh for Rs. 230.63 million and more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

(The note reference given above, is included as note 4(F)(iv) in the Annexure IV to the Restated Unconsolidated Summary Statements.)

vii. Other audit qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2015 and 2003 respectively on the Unconsolidated Financial Statements for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 which do not require any corrective adjustment in the financial information, are as follows:

**A. For the year ended March 31, 2015**

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, 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.

Clause (vii) (c)

According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute are as follows:

| Name of statute | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Tax on account of valuation of closing stock | 1.75 | FY 2009-10 | Commissioner of Appeal |

| Name of statute | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| | | (Net of 1.75 paid under protest) | | |
| The Finance Act, 1994 | Service tax on supply of licences to end customers* | 627.31 | March 1, 2011 to March 31, 2014 | Additional Director General (Adjudication),New Delhi |
| The Kerala Value Added Tax Act , 2003 | Value added tax on stock transfer | 0.11 (Net of 0.05 paid under protest) | FY 2012-13 | Deputy Commissioner of Appeals (Commercial Tax), Kochi |

* excludes interest and penalty (if any) thereon.

**B. For the year ended March 31, 2014**

Clause (iv)

In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of items of inventories and fixed assets of proprietary and specialized nature, for which alternative sources are not available to obtain comparable quotations, the internal control system over timely update of customer and vendor records in the system, as well as obtaining customer purchase orders and delivery acknowledgements with respect to sale of inventory items is required to be further strengthened. In our opinion, this is a continuing failure to correct major weakness in the internal control system. Subsequent to the year end, the management has taken adequate steps to strengthen the internal controls and is in the process of further updating the customer and vendor records and strengthening the process of customer purchase orders and delivery acknowledgements with respect to sale of inventory items. However, in our opinion and according to the information and explanations, given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets.

Clause (ix) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, 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. As informed, the Company does not have any dues towards investor education and protection fund during the year.

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess which has not been deposited on account of any dispute, are as follows:

| Name of statute | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax on account of valuation of closing stock | 1.75* | FY 2009-10 | Commissioner of Income Tax Appeals |

*Net of amount paid under protest Rs. 1.75 million

Clause (xxi)

We have been informed by the management that during the year under audit the Company noted that an employee of the Company has abused his position of responsibility and has committed a fraud on the Company by approving sales invoices with differential pricing terms amounting to Rs. 11.43 million in

violation of the polices of the Company in respect of sales made to certain companies. We further report that trade receivables amounting to Rs.18.37 million with respect to such companies were outstanding as at the year end which is fully provided for. Refer note 37(i) of the financial statements for details. On internal investigation by the Company, the concerned employee was dismissed and appropriate legal action has been initiated by the management.

(The note reference given above, is included as note 4(F)(iii) in the Annexure IV to the Restated Unconsolidated Summary Statements.)

**C. For the year ended March 31, 2013**

Clause (ix) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been a slight delay in few cases with respect to tax deducted at source and value added tax. As informed, the Company does not have any dues towards investor education and protection fund and customs duty, accordingly the Company does not deposit such dues.

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. in million) | Amount paid under protest (Rs. in million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | - | March 31, 2011 | Superintendent Central Excise P-III |
| HP VAT Act, 2005 | VAT recovery along with interest u/s 19 and penalty u/s 16 | 230.63 | 2.50 | March 31, 2013 | Additional Excise and Taxation Commissioner (S-Z) cum Appellate Authority, Shimla |

**D. For the year ended March 31, 2012**

Clause (ix) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been a slight delay in few cases with respect to tax deducted at source and value added tax. As informed, the Company does not have any dues towards investor education and protection fund and customs duty, accordingly the Company does not deposit such dues.

Clause (ix) (c)

According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. in million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular assessment dues | 0.68 | March 31, 2008 | Commissioner of Income Tax Appeals – I |
| Income Tax Act, 1961 | Regular assessment dues | 1.87 | March 31, 2009 | Commissioner of Income Tax Appeals – I |
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | March 31, 2011 | Superintendent Central Excise P -III |

**E. For the year ended March 31, 2011**

Clause (vii)

The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.

Clause (ix) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities except in case of tax deducted at source and VAT where there have been slight delays in a few cases. As informed, the Company does not have any dues towards investor education and protection fund, accordingly the Company does not deposit such dues.

Clause (ix) (b)

According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

| Nature of dues | Amount (Rs. In million) | Year to which the amount relates |
|---|---|---|
| Profession tax | 0.05 | From FY 2009-10 |

Clause (ix) (c)

As informed, the Company does not have any dues towards investor education and protection fund, accordingly the Company does not deposit such dues. According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. In million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular assessment dues | 0.68 | FY 2007-08 | Commissioner of Income Tax Appeals - I |

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2015. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2015.

**Other Financial Information:**

9. At the Company's request, we have also examined the following Unconsolidated Summary Statements proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at September 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 and for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011:

a) Restated Unconsolidated Statement of Reserves and Surplus, enclosed as Annexure VI;
b) Restated Unconsolidated Statement of Deferred Tax as Annexure VII;
c) Restated Unconsolidated Statement of Long Term and Short Term Provisions, enclosed as Annexure VIII;
d) Restated Unconsolidated Statement of Trade Payables and Other Current Liabilities, enclosed as Annexure IX;
e) Restated Unconsolidated Statement of Non- Current Investments, enclosed as Annexure X;
f) Restated Unconsolidated Statement of Long term Loans and Advances and Other Non-Current Assets, enclosed as Annexure XI;
g) Restated Unconsolidated Statement of Current Investments, enclosed as Annexure XII;
h) Restated Unconsolidated Statement of Current Trade Receivables, enclosed as Annexure XIII;
i) Restated Unconsolidated Statement of Short term Loans and Advances and Other Current Assets, enclosed as Annexure XIV;
j) Restated Unconsolidated Statement of Revenue enclosed as Annexure XV;
k) Restated Unconsolidated Statement of Other Income, enclosed as Annexure XVI;
l) Restated Unconsolidated Statement of Cost of Security Devices and Software Products, enclosed as Annexure XVII;
m) Restated Unconsolidated Statement of Employee Benefits Expense, enclosed as Annexure XVIII;
n) Restated Unconsolidated Statement of Operation and Other Expenses, enclosed as Annexure XIX;
o) Unconsolidated Statement of Contingent Liabilities, enclosed as Annexure XX;
p) Restated Unconsolidated Statement of Related Party Transactions enclosed as Annexure XXI;
q) Capitalisation Statement, as appearing in Annexure XXII;
r) Restated Unconsolidated Statement of Accounting Ratios, enclosed as Annexure XXIII;
s) Restated Unconsolidated Statement of Tax Shelter, enclosed as Annexure XXIV; and
t) Unconsolidated Statement of Dividend, enclosed as Annexure XXV

10. In our opinion, the financial information as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, have been prepared in accordance with the relevant provisions of the Act and the Regulations.

11. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: January 19, 2016

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE I- RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Annexures | As at | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A.** | **Equity and liabilities** | | | | | | | |
| | **Share holders' funds** | | | | | | | |
| | (a) Share capital | | | | | | | |
| | - Equity share capital | | 610.70 | 610.70 | 610.70 | 76.34 | 76.34 | 76.22 |
| | - Equity share suspense | | - | - | - | - | - | 1.17 |
| | (b) Reserves and surplus | **VI** | 3,029.88 | 2,765.63 | 2,750.77 | 2,780.16 | 2,027.10 | 1,357.41 |
| | **Total of shareholders' funds** | | **3,640.58** | **3,376.33** | **3,361.47** | **2,856.50** | **2,103.44** | **1,434.80** |
| B | **Non-current liabilities** | | | | | | | |
| | (a) Deferred tax liabilities (net) | **VII** | - | - | - | 5.15 | 0.53 | 1.07 |
| | (b) Long term provisions | **VIII** | - | - | - | - | 3.56 | 1.56 |
| | **Total of non-current liabilities** | | **-** | **-** | **-** | **5.15** | **4.09** | **2.63** |
| **C** | **Current liabilities** | | | | | | | |
| | (a) Trade payables (Total outstanding dues of creditors other than micro enterprises and small enterprises) | **IX** | 336.37 | 369.18 | 286.22 | 205.61 | 142.34 | 149.24 |
| | (b) Other current liabilities | **IX** | 94.70 | 74.59 | 52.63 | 42.24 | 25.85 | 18.19 |
| | (c) Short-term provisions | **VIII** | 34.98 | 516.69 | 129.82 | 35.48 | 20.14 | 3.07 |
| | **Total of current liabilities** | | **466.05** | **960.46** | **468.67** | **283.33** | **188.33** | **170.50** |
| | **Total of A + B + C** | | **4,106.63** | **4,336.79** | **3,830.14** | **3,144.98** | **2,295.86** | **1,607.93** |
| **D** | **Assets** | | | | | | | |
| | **Non-current assets** | | | | | | | |
| | (a) Fixed assets | | | | | | | |
| | -Tangible assets | | 1,388.41 | 1,001.08 | 631.93 | 314.02 | 179.61 | 143.47 |
| | -Intangible assets | | 105.99 | 108.54 | 185.08 | 69.90 | 8.97 | 3.93 |
| | -Capital work in progress | | 492.99 | 737.41 | 554.13 | 289.74 | 238.33 | 19.70 |
| | | | **1,987.39** | **1,847.03** | **1,371.14** | **673.66** | **426.91** | **167.10** |
| | (b) Non-current investments | **X** | 93.10 | 93.10 | 40.47 | 8.54 | - | - |
| | (c )Deferred tax assets (net) | **VII** | 53.01 | 48.50 | 39.28 | - | - | - |
| | (d) Long-term loans and advances | **XI** | 152.20 | 175.86 | 157.79 | 106.71 | 90.49 | 312.07 |
| | (e) Other non-current assets | **XI** | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 | 0.22 |

| | Particulars | Annexures | As at | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| | **Total non-current assets** | | **2,286.88** | **2,165.73** | **1,609.08** | **790.12** | **517.83** | **479.39** |
| **E** | **Current assets** | | | | | | | |
| | (a) Current investments | **XII** | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 | 487.03 |
| | (b) Inventories | | 60.89 | 69.62 | 54.16 | 21.40 | 6.08 | - |
| | (c) Trade receivables | **XIII** | 611.88 | 676.58 | 709.08 | 772.93 | 656.83 | 477.00 |
| | (d) Cash and bank balances | | 66.19 | 73.43 | 81.72 | 100.25 | 75.49 | 134.75 |
| | (e) Short-term loans and advances | **XIV** | 81.48 | 53.74 | 60.71 | 65.56 | 36.71 | 29.74 |
| | (f) Other current assets | **XIV** | 39.82 | 1.61 | 1.63 | 0.95 | 1.58 | 0.02 |
| | **Total current assets** | | **1,819.75** | **2,171.06** | **2,221.06** | **2,354.86** | **1,778.03** | **1,128.54** |
| | **Total of D+E** | | **4,106.63** | **4,336.79** | **3,830.14** | **3,144.98** | **2,295.86** | **1,607.93** |

**Note:**
1) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE II- RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Annexures | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Income:** | | | | | | | |
| Revenue from operations (gross) | **XV** | | | | | | |
| Sale of manufactured products | | 9.36 | 25.89 | 20.01 | 2.98 | - | 1,435.28 |
| Sale of traded goods | | 1,457.70 | 2,812.14 | 2,418.58 | 2,045.05 | 1,789.85 | - |
| Sale of services | | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 | 1.03 |
| **Revenue from operations (gross)** | | **1,467.33** | **2,840.67** | **2,439.05** | **2,048.92** | **1,790.65** | **1,436.31** |
| Less - excise duty | | - | - | 0.01 | 0.08 | 0.88 | 129.04 |
| **Revenue from operations (net)** | | **1,467.33** | **2,840.67** | **2,439.04** | **2,048.84** | **1,789.77** | **1,307.27** |
| Other income | **XVI** | 39.82 | 81.83 | 98.45 | 97.50 | 56.80 | 23.85 |
| **Total revenue** | | **1,507.15** | **2,922.50** | **2,537.49** | **2,146.34** | **1,846.57** | **1,331.12** |
| **Expenses:** | | | | | | | |
| Raw materials consumed | **XVII(a)** | 4.56 | 20.86 | 11.34 | 1.51 | 85.12 | 70.00 |
| Purchase of security software products | **XVII(b)** | 50.25 | 137.15 | 116.78 | 104.66 | - | - |
| (Increase )/decrease in security software products | **XVII(c)** | 9.64 | (11.44) | (18.25) | (11.22) | - | - |
| Employee benefits expense | **XVIII** | 403.07 | 625.55 | 425.16 | 281.56 | 206.76 | 156.06 |
| Operation and other expenses | **XIX** | 537.67 | 1,125.49 | 829.17 | 614.33 | 541.03 | 519.64 |
| Depreciation and amortisation expense | | 113.41 | 201.83 | 108.02 | 44.39 | 21.31 | 14.25 |
| Finance costs | | - | - | - | - | - | 1.62 |
| **Total expenses** | | **1,118.60** | **2,099.44** | **1,472.22** | **1,035.23** | **854.22** | **761.57** |
| **Restated profit before tax and exceptional items** | | **388.55** | **823.06** | **1,065.27** | **1,111.11** | **992.35** | **569.55** |
| Exceptional items | **V(3)** | - | - | 173.28 | - | - | - |
| **Restated profit before tax and after exceptional item** | | **388.55** | **823.06** | **891.99** | **1,111.11** | **992.35** | **569.55** |
| **Tax expense:** | | | | | | | |
| Current tax | | 129.62 | 269.31 | 320.89 | 331.11 | 310.93 | 170.88 |
| Deferred tax (credit)/charge | | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) | 12.90 |
| **Total tax expense** | | **125.12** | **260.08** | **276.46** | **335.73** | **310.40** | **183.78** |
| **Restated profit for the period/ year** | | **263.43** | **562.98** | **615.53** | **775.38** | **681.95** | **385.77** |

**Note:**

1) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE III- RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| | **Profit before tax and after exceptional item (as restated)** | **388.55** | **823.06** | **891.99** | **1,111.11** | **992.35** | **569.55** |
| | Adjustment to reconcile profit before tax to net cash flows | | | | | | |
| | Exceptional items | - | - | 173.28 | - | - | - |
| | Depreciation and amortization expense | 113.41 | 201.83 | 108.02 | 44.39 | 21.31 | 14.25 |
| | Interest expense | - | - | - | - | - | 0.29 |
| | Interest income | (0.95) | (3.79) | (4.39) | (4.95) | (6.11) | (3.29) |
| | Provision for doubtful debts and advances | 3.36 | 11.73 | 17.21 | 12.73 | 3.47 | 3.32 |
| | Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 | - |
| | Fixed assets write off | - | 0.08 | 0.12 | 0.22 | 0.20 | - |
| | (Profit) / loss on sale of fixed assets | - | (0.57) | 0.03 | (0.01) | - | - |
| | Employee stock compensation expense | 0.82 | 1.28 | 0.10 | - | - | - |
| | Dividend income | (28.84) | (63.62) | (75.57) | (69.92) | (47.40) | (20.45) |
| | Unrealized foreign exchange (gain)/loss | (1.43) | 0.75 | (0.43) | 0.01 | - | - |
| | Deposits written off | - | - | - | 0.04 | - | - |
| | Net gain on sale of investment | (7.35) | (13.73) | (16.92) | (14.82) | (0.04) | (0.10) |
| | **Operating profit before working capital changes** | **467.62** | **960.02** | **1,093.44** | **1,082.39** | **966.18** | **563.57** |
| | Movements in working capital : | | | | | | |
| | (Increase)/decrease in trade receivable | 62.68 | 17.03 | (126.21) | (132.44) | (185.70) | (183.51) |
| | (Increase)/decrease in inventories | 8.73 | (15.46) | (32.76) | (15.32) | (6.08) | - |
| | (Increase)/decrease in short term loans and advances | (27.73) | 6.98 | 4.83 | (28.84) | (6.97) | 3.18 |
| | (Increase)/decrease in long term loans and advances | 0.11 | (1.87) | (0.67) | (1.17) | 0.38 | 0.39 |
| | (Increase)/decrease in other non current assets | 0.06 | - | - | - | - | - |
| | (Increase)/decrease in other current assets | (38.20) | 0.12 | (1.58) | - | - | - |
| | Increase/(decrease) in long term provisions | - | - | - | (3.56) | 2.00 | 0.21 |
| | Increase/(decrease) in short term provisions | 3.40 | 12.41 | 6.02 | 6.29 | 3.76 | (0.45) |
| | Increase/(decrease) in trade payables | (32.84) | 82.96 | 80.63 | 63.29 | (6.92) | 67.08 |
| | Increase/(decrease) in other current liabilities | 8.88 | 16.10 | 10.51 | 11.07 | 7.67 | 8.38 |
| | **Cash generated from operations** | **452.71** | **1,078.29** | **1,034.21** | **981.71** | **774.32** | **458.85** |
| | Direct taxes paid (net of refunds) | (98.03) | (297.18) | (406.76) | (299.92) | (287.06) | (256.93) |

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| | **Net cash flow from operating activities (A)** | **354.68** | **781.11** | **627.45** | **681.79** | **487.26** | **201.92** |
| **B** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| | Purchase of tangible and intangible assets (including capital work-in-progress and capital advances) | (250.60) | (660.75) | (771.00) | (332.42) | (83.98) | (54.10) |
| | Proceeds from sale of tangible and intangible assets | 0.04 | 1.05 | 0.67 | 0.15 | - | - |
| | Investments in subsidiaries | - | (48.47) | (31.93) | (8.54) | - | - |
| | Investments in non-current investments | - | (4.15) | - | - | - | - |
| | Purchase of current investment | (1,035.05) | (2,771.76) | (3,732.61) | (3,046.70) | (3,743.90) | (3,357.10) |
| | Sale of current investments | 1,379.00 | 2,803.18 | 3,829.54 | 2,669.08 | 3,229.62 | 2,844.21 |
| | Maturity of bank deposits(having original maturity of more than three months) | (0.08) | 39.96 | (0.76) | 8.89 | 22.26 | 31.96 |
| | Interest received | 0.95 | 3.69 | 4.91 | 5.95 | 4.55 | 3.29 |
| | Dividends received | 28.84 | 63.62 | 75.95 | 69.55 | 47.40 | 28.79 |
| | **Net cash from/ (used in) investing activities (B)** | **123.10** | **(573.63)** | **(625.23)** | **(634.04)** | **(524.05)** | **(502.95)** |
| **C** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| | Dividend paid on equity shares | (403.06) | (149.55) | (19.08) | (11.45) | - | - |
| | Tax on equity dividend paid | (82.05) | (25.42) | (3.24) | (1.86) | - | - |
| | Proceeds from issue of equity shares (including securities premium) | - | - | - | - | - | 371.76 |
| | Share issue expenses | - | - | - | - | - | (16.09) |
| | Interest expense | - | - | - | - | - | (0.29) |
| | Repayment of secured loan | - | - | - | - | - | (50.02) |
| | **Net cash (used in) / generated from financing activities (C)** | **(485.11)** | **(174.97)** | **(22.32)** | **(13.31)** | **-** | **305.36** |
| **D** | **Net increase / (decrease) in cash and cash equivalents (A + B + C)** | **(7.33)** | **32.51** | **(20.10)** | **34.44** | **(36.79)** | **4.33** |
| **E** | Effect of exchange differences on cash and cash equivalents held in foreign currency | **-** | **-** | **(0.01)** | **-** | **-** | **-** |
| **F** | Cash and cash equivalents at the beginning of the period/ year | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** | **57.70** |
| **G** | **Cash and cash equivalents at the end of the period/ year (D + E + F)** | **64.75** | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** |

| Components of cash and cash equivalents | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Cash on hand | 1.31 | 1.14 | 0.61 | 1.52 | 0.94 | 1.92 |
| Balances with banks: | | | | | | |
| -Current accounts | 63.28 | 70.57 | 35.98 | 54.28 | 20.43 | 25.10 |
| -EEFC accounts | 0.16 | 0.37 | 2.98 | 3.88 | 3.87 | 3.05 |
| -Deposit accounts with original maturity of less than 3 months | - | - | - | - | - | 31.96 |
| **Total** | **64.75** | **72.08** | **39.57** | **59.68** | **25.24** | **62.03** |

**Notes:**

1. The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE IV- NOTES TO RESTATED UNCONSOLIDATED SUMMARY STATEMENTS**

**1) Notes on material adjustments**

The summary of results of restatements made in the audited financial statements for the respective years and its impact on the profits of the Company is as follows:

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| A | **Net profit as per audited financial statements** | 263.43 | 562.98 | 615.53 | 775.38 | 681.95 | 385.77 |
| B | **Adjustments to net profit as per audited financial statements** | - | - | - | - | - | - |
| C | **Restated profit (A - B)** | **263.43** | **562.98** | **615.53** | **775.38** | **681.95** | **385.77** |

**Notes:**
1) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

2a) **Change in the estimated useful lives of the fixed assets**

During the year ended March 31, 2015, the Company revised the estimated useful life of building, computers, office equipment, electrical installations, furniture and fixture and vehicles, which has resulted in additional charge of depreciation amounting to Rs. 38.30 million in that year. These changes are considered as a change in the estimates and consequently no retrospective adjustments have been made.

2b) **Depreciation on assets costing less than Rs. 5,000**

Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on the assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year does not recognize such practices. Hence to comply with the requirement of Schedule II to the Companies Act 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000. As per revised policy, the Company is depreciating such assets over their useful life as estimated by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting policy for depreciation of assets costing less than Rs. 5,000 did not have any market impact on restated unconsolidated summary statements of the Company for the year ended March 31, 2015.

3) **Material regrouping**

With effect from April 1, 2011, revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI did not impact recognition and measurement principles followed for preparation of financial statements. However, it had significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the figures for the previous years ended March 31, 2011 in accordance with the requirements applicable for the year ended March 31, 2012.

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for the year ended March 31, 2015, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

**4) Non-adjusting events:-**

i) The Company's current auditor report dated January 04, 2016 on the audited interim condensed unconsolidated financial statements as at and for the six months period ended September 30, 2015 included, an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

We draw attention to note 25(i) to the unconsolidated financial statements, wherein it is stated that the Company has received a show cause notice cum demand order of service tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

[The note reference given above is included as note F(i) in the Annexure IV to the Restated Unconsolidated Summary Statements.]

ii) The Company's previous auditor report dated September 24, 2015 on the audited unconsolidated financial statements as at and for the year ended March 31, 2015 included, an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

We draw attention to note 31(i) to the unconsolidated financial statements, wherein it is stated that the Company has received a show cause notice cum demand order of service tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

[The note reference given above is included as note F(ii) in the Annexure IV to the Restated Unconsolidated Summary Statements.]

iii) The Company's previous auditor report dated August 22, 2013 on the audited unconsolidated financial statements as at and for the year ended March 31, 2013 included, an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

We draw attention to note 30(iii) to the unconsolidated financial statements wherein it is stated that the Company has received a demand of VAT in the State of Himachal Pradesh for Rs. 230.63 million and more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

[The note reference given above is included as note F(iii) in the Annexure IV to the Restated Unconsolidated Summary Statements.]

iv) Other audit qualifications included in the Annexure to the auditors' report on the Unconsolidated Financial Statements for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 which do not require any corrective adjustment in the financial information, are as follows:

**A. For the year ended March 31, 2015**

**Clause (vii) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, 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.

**Clause (vii) (c)**

According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute are as follows:

| Name of statute | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Tax on account of valuation of closing stock | 1.75 (Net of 1.75 paid under protest) | FY 2009-10 | Commissioner of Appeals, Income Tax |
| The Finance Act, 1994 | Service tax on supply of licences to end customers | 627.31* | March 1, 2011 to March 31, 2014 | Additional Director General (Adjudication),New Delhi |
| The Kerala Value Added Tax Act , 2003 | Value added tax on stock transfer | 0.11 (Net of 0.05 paid under protest) | FY 2012-13 | Deputy Commissioner of Appeals (Commercial Tax), Kochi |

*Excludes interest and penalty (if any) thereon.

**B. For the year ended March 31, 2014**

**Clause (iv)**

In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of items of inventories and fixed assets of proprietary and specialized nature, for which alternative sources are not available to obtain comparable quotations, the internal control system over timely update of customer and vendor records in the system, as well as obtaining customer purchase orders and delivery acknowledgements with respect to sale of inventory items is required to be further strengthened. In our opinion, this is a continuing failure to correct major weakness in the internal control system. Subsequent to the year end, the management has taken adequate steps to strengthen the internal controls and is in the process of further updating the customer and vendor records and strengthening the process of customer purchase orders and delivery acknowledgements with respect to sale of inventory items. However, in our opinion and according to the information and explanations, given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets.

**Clause (ix) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, 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. As informed, the Company does not have any dues towards investor education and protection fund during the year.

**Clause (ix) (c)**

According to the records of the Company, the dues outstanding of income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess which has not been deposited on account of any dispute, are as follows:

| Name of the statue | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax on account of valuation of closing stock | 1.75 | FY 2009-10 | Commissioner of Appeals, Income Tax |

*Net of amount paid under protest Rs. 1.75 million

**Clause (xxi)**

We have been informed by the management that during the year under audit the Company noted that an

employee of the Company has abused his position of responsibility and has committed a fraud on the Company by approving sales invoices with differential pricing terms amounting to Rs. 11.43 million in violation of the polices of the Company in respect of sales made to certain companies. We further report that trade receivables amounting to Rs.18.37 million with respect to such companies were outstanding as at the year end which is fully provided for. Refer note 37(i) of the financial statements for details. On internal investigation by the Company, the concerned employee was dismissed and appropriate legal action has been initiated by the management.

[The note reference given above is included as note F(iv) in the Annexure IV to the Restated Unconsolidated Summary Statements.]

**C. For the year ended March 31, 2013**

**Clause (ix) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been a slight delay in few cases with respect to tax deducted at source and value added tax. As informed, the Company does not have any dues towards investor education and protection fund and custom duty, accordingly the Company does not deposit such dues.

**Clause (ix) (c)**

According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess on account of any dispute, are as follows:

| Name of the statue | Nature of dues | Amount (Rs. in million) | Amount paid under protest (Rs. in million) | Financial year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | - | March 31, 2011 | Superintendent Central Excise P-III |
| HP VAT Act, 2005 | VAT recovery along with interest u/s 19 and penalty u/s 16 | 230.63 | 2.50 | March 31, 2013 | Additional Excise and Taxation Commissioner (S-Z) cum Appellate Authority, Shimla |

**D. For the year ended March 31, 2012**

**Clause (ix) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been a slight delay in few cases with respect to tax deducted at source and value added tax. As informed, the Company does not have any dues towards investor education and protection fund and custom duty, accordingly the Company does not deposit such dues.

**Clause (ix) (c)**

According to the records of the Company, the dues outstanding of income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statue | Nature of dues | Amount (Rs. in million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular assessment dues | 0.68 | March 31, 2008 | Commissioner of Appeals – I, Income Tax |
| Income Tax Act, 1961 | Regular assessment dues | 1.87 | March 31, 2009 | Commissioner of Appeals – I, Income Tax |
| Central Excise Act, 1944 | Penalty under Rule 15A | 0.02 | March 31, 2011 | Superintendent Central Excise P-III |

**E. For the year ended March 31, 2011**

**Clause (vii)**

The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.

**Clause (ix) (a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities except in case of tax deducted at source and VAT where there have been slight delays in a few cases. As informed, the Company does not have any dues towards investor education and protection fund, accordingly the Company does not deposit such dues.

**Clause (ix) (b)**

According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

| Nature of dues | Amount (Rs. in million) | Year to which the amount relates |
|---|---|---|
| Profession tax | 0.05 | From FY 2009-10 |

**Clause (ix) (c)**

As informed, the Company does not have any dues towards investor education and protection fund, accordingly the Company does not deposit such dues. According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statue | Nature of dues | Amount (Rs. in million) | Year to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Regular assessment dues | 0.68 | FY 2007-08 | Commissioner of Appeals – I, Income Tax |

**F. Other notes:**

**(i) For the six months period ended September 30, 2015**

In the previous year, the Company had received show cause notice cum demand order of Service Tax for Rs. 627.31 million on anti-virus software in Compact Disk. The Company has filed the reply against show clause notice with Additional Director General, New Delhi and the management has 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 had been made in the accounts and the demand was disclosed as contingent liability in the current year.

**(ii) For the year ended March 31, 2015**

In the Current year, the Company has received show cause notice cum demand order of Service Tax for Rs. 627.31 million on anti-virus software in Compact Disk. The Company has filed the reply against show clause notice with Additional Director General, New Delhi and the management has 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 had been made in the accounts and the demand was disclosed as contingent liability in the current year.

**(iii) For the year ended March 31, 2014**

During the year, under audit an employee of the Company used his area of influence to approve sales invoices with differential pricing terms amounting to Rs. 11.43 million to certain companies formed by him and his relatives and trade receivables amounting to Rs. 18.37 million with respect to such companies were outstanding (and provided for) as at the year end. On completion of internal investigation by the Company, the employee was dismissed and appropriate legal action has been initiated by the management. Further, the Company has filed a legal claim amounting to Rs. 50.00 million for losses including breach of trust and loss of goodwill. Further the amount of Rs. 9.49 million has been provided in the current year which has been disclosed as exceptional item.

**(iv) For the year ended March 31, 2013**

The Company has received a demand of VAT in the State of Himachal Pradesh for Rs. 230.63 million (VAT Rs. 74.64 million; Penalty Rs. 149.28 million and Interest Rs. 6.71 million) on the grounds of dispute in the valuation of the anti-virus products purchased from third party vendors. The Company has appealed the same before the first level appellate authority and the Management has represented that they have sufficient and strong arguments on facts as well as on point of law. Accordingly, no provision has been made in the accounts and the demand is recognized as contingent liability.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE V - NOTES TO RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, STATEMENT OF PROFIT AND LOSS AND STATEMENT OF CASH FLOWS**

## 1. Corporate information

Quick Heal Technologies Limited ("the Company') was incorporated as "CAT Computer Services Private Limited" on August 7, 1995, at Pune, Maharashtra as a private limited company under the Companies Act, 1956. The name of the Company was changed from "CAT Computer Services Private Limited" to "Quick Heal Technologies Private Limited" and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Pune, Maharashtra to the Company on August 7, 2007. Thereafter, the Company was converted into a public limited company pursuant to approval of the shareholders in an extraordinary general meeting held on August 28, 2015 and consequently, the name of the Company was changed to "Quick Heal Technologies Limited" and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies Pune, Maharashtra on September 8, 2015. 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.

## 2. Basis of preparation

The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2015, March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and the related Restated Unconsolidated Summary Statement of Profits and Losses and the Restated Unconsolidated Summary Statement of Cash Flows for the six months period ended September 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and annexures thereto (herein collectively referred to as 'Restated Unconsolidated Summary Statements') have been compiled by the management from the then audited unconsolidated financial statements of the Company for the six months period ended September 30, 2015 and years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011.

The audited unconsolidated financial statements of the Company were prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) at the relevant time. The Company has prepared the audited unconsolidated financial statements to comply in all material respects with the accounting standards specified under the Companies Act, 1956 and as per section 133 of the Companies Act, 2013 (read with rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. The audited unconsolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and, except for changes as detailed in 2.1(c)(iii) in significant accounting policies.

The Restated Unconsolidated Summary Statements have been prepared to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013, as amended read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended from time to time.

## 2.1 Summary of significant accounting policies

### (a) Use of estimates

The preparation of the Restated Unconsolidated Summary Statements 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 of purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. 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**

**i) Depreciation on fixed assets**

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirement concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

**a) Useful lives/ depreciation rates**

Till the year ended March 31, 2014, the depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rate were justified considering the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful life for fixed assets which in many cases are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the Restated Unconsolidated Summary Statements.

Considering applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that the rates as prescribed under Schedule II reflect its estimate of useful lives and residual values of fixed assets. Hence the Company has aligned the estimated useful life and residual values with the lives prescribed under Schedule II. The Company has used the transitional provision of Schedule II to adjust the impact of change in the useful lives arising on its first application in the statement of profit and loss. Had the Company continued its earlier policy of depreciating the fixed assets, the profit for the year ended March 31, 2015 (being the first year of application of Schedule II) would have been higher by Rs. 38.30 million and fixed assets would correspondingly been higher by Rs. 38.30 million.

**b) Depreciation on assets costing less than Rs. 5,000**

Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on the assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the April 1, 2015 does not recognize such practices. Hence to comply with the requirement of Schedule II to the Companies Act 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000. As per revised policy, the Company is depreciating such assets over their useful life as estimated by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000, did not have any material impact on Restated Unconsolidated Summary Statements of the Company for the year ended March 31, 2015.

Depreciation on fixed assets is calculated on a 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.

*(Life in years)*

| Type of assets | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
|---|---|---|---|---|---|---|
| Buildings | 60 | 60 | 61 | 61 | 61 | 61 |
| Computers | 3 | 3 | 6 | 6 | 6 | 6 |
| Electrical Installations | 10 | 10 | 12 | 12 | 12 | 12 |
| Furniture and Fixtures | 10 | 10 | 16 | 16 | 16 | 16 |
| Office equipments | 5 | 5 | 21 | 21 | 21 | 21 |
| Servers | 6 | 6 | 3 | 3 | 3 | 3 |
| Vehicle | 8 | 8 | 11 | 11 | 11 | 11 |

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."

*Life (years)*

| | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
|---|---|---|---|---|---|---|
| Computer software | 3 | 3 | 3 | 3 | 3 | 3 |

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
- 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.

**(e) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each Balance Sheet if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of value in use.

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 Restated Unconsolidated Summary 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**

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

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

Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

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

**(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 software 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 recognize contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the 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.

**(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 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 Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI), the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. 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.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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 increase the total intrinsic value of the share-based payment transaction, or 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 Restated Unconsolidated Summary Statements.

**(r) Cash and cash equivalents**

Cash and cash equivalents for the purpose of Restated Unconsolidated Summary Statement of Cash Flows comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

**3. Exceptional items**

i. In 2014, the Management noted that an employee of the Company used his area of influence to approve sales invoices with differential pricing terms amounting to Rs. 11.43 million to certain companies formed by him and his relatives and trade receivables amounting to Rs.18.37 million with respect to such companies were outstanding (and provided for) as at the year ended March 31, 2014. On completion of internal investigation by the Company, the employee was dismissed and appropriate legal action was initiated by the management. Further, the Company has filed a legal claim amounting to Rs. 50.00 million for losses including breach of trust and loss of goodwill. Further the amount of Rs. 9.49 million were provided in the financial statements for the year ended March 31, 2014 which was disclosed as an exceptional item.

ii. During the year ended March 31, 2014, one of the distributors of the Company had defaulted in making payments and the Company had initiated the legal proceeding. The Company had provided Rs. 163.79 million during the year ended March 31, 2014 which was disclosed as an exceptional item.

**4. Other information**

**A. Capital commitments**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | For the six months ended September 30, 2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Capital commitments (net of advances and deposits) | 72.35 | 201.58 | 61.74 | 99.08 | 18.76 | 43.47 |
| **Total** | **72.35** | **201.58** | **61.74** | **99.08** | **18.76** | **43.47** |

**B. Segment information**

**a) Details of segment revenue**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-September-2015 | Year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Within India | 1,442.49 | 2,784.18 | 2,371.02 | 2,005.61 | 1,758.96 | 1,275.97 |
| Outside India | 24.84 | 56.49 | 68.03 | 43.23 | 30.81 | 31.30 |
| **Total** | **1,467.33** | **2,840.67** | **2,439.05** | **2,048.84** | **1,789.77** | **1,307.27** |

**b) Details of carrying amount of segment trade receivables by geographical locations**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-September-2015 | Year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Within India | 548.03 | 618.69 | 672.35 | 751.16 | 645.60 | 465.26 |
| Outside India | 63.85 | 57.89 | 36.73 | 21.77 | 11.23 | 11.74 |
| **Total** | **611.88** | **676.58** | **709.08** | **772.93** | **656.83** | **477.00** |

**Notes:**

1) The Company is engaged in providing Security Software Products. 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.

2) Secondary segment reporting is performed on basis of location of customers. The Company has identified "Within 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.

3) The Company does not maintain country wise details of segment results and capital employed and hence the details of segment results and capital employed on geographical basis has not been disclosed above.

4) The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities and profits and losses of the Company.

5) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VI- RESTATED UNCONSOLIDATED STATEMENT OF RESERVES AND SURPLUS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Securities premium account** | | | | | | |
| Balance as per the last financial statements | - | - | 350.73 | 350.73 | 349.68 | - |
| Add : Additions during the period/ year | - | - | - | - | 1.05 | 365.77 |
| Less: Share issue expenses | - | - | - | - | - | 16.09 |
| Less: Amount utilized towards issue of fully paid bonus shares | - | - | 350.73 | - | - | - |
| **Closing balance** | **-** | **-** | **-** | **350.73** | **350.73** | **349.68** |
| **Employees share options outstanding account** | | | | | | |
| Balance as per the last financial statements | 1.38 | 0.10 | - | - | - | - |
| Add: Additions during the period/ year | 0.82 | 1.28 | 0.10 | - | - | - |
| **Closing balance** | **2.20** | **1.38** | **0.10** | **-** | **-** | **-** |
| **Amalgamation reserve** | | | | | | |
| Balance as per the last financial statements | 26.45 | 26.45 | 26.45 | 26.45 | 26.45 | - |
| Add: Additions during the period/ year | - | - | - | - | - | 26.45 |
| **Closing balance** | **26.45** | **26.45** | **26.45** | **26.45** | **26.45** | **26.45** |
| **General reserve** | | | | | | |
| Balance as per the last financial statements | 450.26 | 450.26 | 388.70 | 311.17 | 277.07 | 277.07 |
| Add: Amount transferred from surplus balance in the Statement of Profit and Loss | - | - | 61.55 | 77.54 | 34.10 | - |
| **Closing balance** | **450.26** | **450.26** | **450.25** | **388.71** | **311.17** | **277.07** |
| **Surplus in the statement of profit and loss** | | | | | | |
| Balance as per the last financial statements | 2,287.54 | 2,273.97 | 2,014.27 | 1,338.75 | 704.21 | 318.44 |
| Add: Restated profit for the period/ year | 263.43 | 562.98 | 615.53 | 775.38 | 681.95 | 385.77 |
| Less: Appropriations | | | | | | |
| Interim dividend | - | 458.02 | 94.58 | 19.08 | 11.45 | - |
| Amount utilised towards issue of fully paid bonus shares | - | - | 183.63 | - | - | - |
| Tax on dividend | - | 91.39 | 16.07 | 3.24 | 1.86 | - |
| Transfer to general reserve | - | - | 61.55 | 77.54 | 34.10 | - |
| **Net surplus in the statement of profit and loss** | **2,550.97** | **2,287.54** | **2,273.97** | **2,014.27** | **1,338.75** | **704.21** |
| **Total** | **3,029.88** | **2,765.63** | **2,750.77** | **2,780.16** | **2,027.10** | **1,357.41** |

**Notes:**

1) During the year ended March 31, 2011 and 2014, the board of directors approved the Employee Stock Option Scheme, an equity settled share based payment plan, for issue of stock options to the employees and directors of the Company. According to the plan, the employees selected were entitled to options. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years from date of listing or date of vesting whichever is later.

The other relevant terms of the grant were:

| Particulars | As at Sept 30, 2015 | |
|---|---|---|
| | ESOP 2014 | ESOP 2010 |
| Date of share holders approval | February 6, 2014 | June 6, 2010 |
| Number of options granted during the year (net of forfeitures) | 1,677,226 | 172, 650 |
| Outstanding at the end of the year | 1,677,226 | 172, 650 |
| Exercisable at the end of the year | - | - |
| Exercise price per option (Weighted average) | 60.08 | 60.08 |
| Method of settlement | Equity | Equity |

The options are vested in the period of 4 years as per graded vesting specified in the plans and should be exercised within 5 years from date of listing or date of vesting whichever is later. The expense recognised in respect of Employee Stock Option Scheme for the six months ended September 30, 2015 is Rs.0.82 million (March 31, 2015: Rs. 1.28 million, March 31, 2014: Rs. 0.10 million, March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil, March 31, 2011: Rs. Nil).

2) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

4) Subsequent to the year ended March 31, 2015, the Board of Director of the company had in the Extra Ordinary General Meeting held on September 14th 2015, pursuant to the ESOP scheme "ESOP 2014" increased the total number of stock options to be granted to the eligible employees of the Company by 400,000 options exercisable into 400,000 equity shares, on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities.

The Board of Directors of the Company have approved the grant of 164,500 stock options to the eligible employees on September 24, 2015 at an exercise price of Rs. 115/- per share from ESOP 2014.

Further, the Board of Directors of the Company have approved the grant of 27,000 and 3,500 stock options to the eligible employees on November 25, 2015 and December 23, 2015 respectively at an exercise price of Rs. 119/- per share from ESOP 2014.

5) Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Company, has been merged with the Company with effect from April 1, 2010, the Appointed Date. The Company completed the process of Amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, amount of Rs. 26.45 million was recorded as amalgamation reserve.

The assets and liabilities, rights and obligation of erstwhile CLPL have been vested with the Company effective April 1, 2010. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Pooling of Interests" as prescribed under "Accounting Standard (AS) 14 – Accounting for Amalgamations" issued by the Institute of Chartered Accountant of India as per Scheme of Amalgamation. Accordingly, the assets and liabilities of erstwhile CLPL as at April 1, 2010 have been taken over at book value.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VII- RESTATED UNCONSOLIDATED STATEMENT OF DEFERRED TAX**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
|---|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 41.82 | 38.36 | 42.01 | 18.51 | 6.75 | 4.59 |
| **Gross deferred tax liability** | **41.82** | **38.36** | **42.01** | **18.51** | **6.75** | **4.59** |
| **Deferred tax asset** | | | | | | |
| Impact of expenditure charged to the statement of profit and loss in the current period/ year but allowed for tax purposes on payment basis | 13.97 | 12.84 | 9.00 | 5.82 | 3.08 | 1.54 |
| Deferred revenue | 4.33 | - | - | - | - | - |
| Provision for doubtful debts | 76.53 | 74.02 | 72.29 | 7.54 | 3.14 | 1.98 |
| **Gross deferred tax asset** | **94.83** | **86.86** | **81.29** | **13.36** | **6.22** | **3.52** |
| **Net deferred tax assets/(liabilities)** | **53.01** | **48.50** | **39.28** | **(5.15)** | **(0.53)** | **(1.07)** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VIII - RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM AND SHORT TERM PROVISIONS**

**A) Long term provisions**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Provision for employee benefits** | | | | | | |
| Provision for gratuity | - | - | - | - | 3.56 | 1.56 |
| **Total** | **-** | **-** | **-** | **-** | **3.56** | **1.56** |

**B) Short term provisions**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Provision for employee benefits** | | | | | | |
| Provision for gratuity | 19.82 | 16.69 | 7.81 | 5.79 | 1.07 | 1.38 |
| Provision for leave benefits | 15.08 | 14.81 | 11.32 | 7.34 | 5.72 | 1.69 |
| **Other provisions** | | | | | | |
| Provision for wealth tax | 0.08 | 0.08 | 0.04 | 0.03 | 0.04 | - |
| Proposed equity dividend | - | 403.06 | 94.58 | 19.08 | 11.45 | - |
| Provision for tax on proposed equity dividend | - | 82.05 | 16.07 | 3.24 | 1.86 | - |
| **Total** | **34.98** | **516.69** | **129.82** | **35.48** | **20.14** | **3.07** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE IX - RESTATED UNCONSOLIDATED STATEMENT OF TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Trade payables (Note 3)** | | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 336.37 | 369.18 | 286.22 | 205.61 | 142.34 | 149.24 |
| | **336.37** | **369.18** | **286.22** | **205.61** | **142.34** | **149.24** |
| **Other current liabilities** | | | | | | |
| Payables for purchases of fixed assets | 22.68 | 11.45 | 5.59 | 5.73 | 0.40 | 1.73 |
| Advance from customers | 8.43 | 3.54 | 4.60 | 2.57 | 2.13 | 1.48 |
| TDS payable | 10.09 | 30.30 | 24.19 | 12.13 | 6.38 | 8.16 |
| Sales tax payable | 24.94 | 25.34 | 15.98 | 19.97 | 15.95 | 5.90 |
| Deferred revenue | 12.50 | - | - | - | - | - |
| Other liabilities (including provident fund and other taxes) | 16.06 | 3.96 | 2.27 | 1.84 | 0.99 | 0.92 |
| | **94.70** | **74.59** | **52.63** | **42.24** | **25.85** | **18.19** |
| **Total** | **431.07** | **443.77** | **338.85** | **247.85** | **168.19** | **167.43** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) Following are the amounts due to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary/ Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Expenses payables** | | | | | | |
| Anupama Katkar | 0.04 | 0.02 | - | - | 0.01 | - |
| Chhaya Katkar | 0.04 | 0.02 | - | - | 0.01 | - |
| Kailash Sahebrao Katkar HUF | 0.11 | 0.06 | - | 0.02 | 0.02 | - |
| Sanjay Sahebrao Katkar HUF | 0.30 | 0.06 | - | 0.02 | 0.02 | - |
| | **0.49** | **0.16** | **-** | **0.04** | **0.06** | **-** |
| **Employee benefits payable** | | | | | | |
| Kailash Katkar | - | 1.45 | 0.49 | 0.59 | - | - |
| Sanjay Katkar | 0.59 | 1.45 | 0.49 | 0.59 | - | - |
| Abhijit Jorvekar | 0.31 | 0.31 | 0.39 | 0.37 | - | - |
| Anupama Katkar | - | 0.39 | 0.12 | 0.12 | - | 0.13 |
| Rajesh Ghonasgi | 0.48 | 0.45 | 0.57 | - | - | - |
| Vijay Shirode | - | 0.07 | 0.06 | - | - | - |
| | **1.38** | **4.12** | **2.12** | **1.67** | **-** | **0.13** |
| **Advances payable** | | | | | | |
| Quick Heal Technologies Japan K.K | - | - | 0.16 | - | - | - |

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| | - | - | 0.16 | - | - | - |
| **Total** | **1.87** | **4.28** | **2.28** | **1.71** | **0.06** | **0.13** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE X - RESTATED UNCONSOLIDATED STATEMENT OF NON-CURRENT INVESTMENTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Trade investments (valued at cost unless stated otherwise)** | | | | | | |
| **Unquoted equity instruments** | | | | | | |
| **Investment in wholly owned subsidiaries** | | | | | | |
| 852 (March 31, 2015: 852, March 31, 2014: 678, March 31, 2013: 198, March 31, 2012: Nil, March 31, 2011: Nil) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K. (Refer Note 3) | 26.33 | 26.33 | 21.20 | 6.88 | - | - |
| 30,000 (March 31, 2015: 30,000, March 31, 2014: 30,000, March 31, 2013: 30,000, March 31, 2012: Nil, March 31, 2011: Nil) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc. | 1.66 | 1.66 | 1.66 | 1.66 | - | - |
| 1,780,000 (March 31, 2015: 1,780,000, March 31, 2014: 1,530,000, March 31, 2013: Nil, March 31, 2012: Nil, March 31, 2011: Nil) equity share of KSH 10 each fully paid -up in Quick Heal Technologies Africa Limited | 12.64 | 12.64 | 10.91 | - | - | - |
| 28 (March 31, 2015: 28, March 31, 2014: 4, March 31, 2013: Nil, March 31, 2012: Nil, March 31, 2011: Nil) equity share of AED 100,000 each fully paid-up share Quick Heal Technologies (MENA) FZE (Refer Note 3) | 48.32 | 48.32 | 6.70 | - | - | - |
| | **88.95** | **88.95** | **40.47** | **8.54** | **-** | **-** |
| **Trade investments (valued at cost unless stated otherwise)** | | | | | | |
| **Unquoted equity instruments** | | | | | | |
| **Investment in others** | | | | | | |
| 15,162 (March 31, 2015: 15,162, March 31, 2014: Nil, March 31, 2013: Nil, March 31, 2012: Nil, March 31, 2011: Nil) equity share of Rs. 10 each fully paid-up share of Wegilant Net Solutions Private Limited | 4.15 | 4.15 | - | - | - | - |
| **Total** | **93.10** | **93.10** | **40.47** | **8.54** | **-** | **-** |

**Notes:**
1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) For the year ended March 31, 2014, balance includes share application money against which shares were been issued / alloted post year end.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XI- RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES AND OTHER NON-CURRENT ASSETS**

**A) Long term loans and advances**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Capital advances** | | | | | | |
| Unsecured, considered good | 11.47 | 3.43 | 15.11 | 50.58 | 4.31 | 201.65 |
| | **11.47** | **3.43** | **15.11** | **50.58** | **4.31** | **201.65** |
| **Loans and advances to related parties** | | | | | | |
| Unsecured, considered good | | | | | | |
| Advance to subsidiaries | 3.57 | 3.57 | 1.92 | 0.49 | - | - |
| | **3.57** | **3.57** | **1.92** | **0.49** | **-** | **-** |
| **Advances recoverable in cash or kind** | | | | | | |
| Unsecured, considered good | 0.10 | 0.21 | - | - | - | - |
| | **0.10** | **0.21** | **-** | **-** | **-** | **-** |
| **Other loans and advances** | | | | | | |
| Unsecured, considered good | | | | | | |
| Advance income tax (net of provision for tax) | 137.06 | 168.65 | 140.76 | 54.89 | 86.11 | 109.96 |
| Loan to employees | - | - | - | 0.75 | 0.07 | 0.46 |
| | **137.06** | **168.65** | **140.76** | **55.64** | **86.18** | **110.42** |
| **Total** | **152.20** | **175.86** | **157.79** | **106.71** | **90.49** | **312.07** |

**B) Other non-current assets**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Unsecured, considered good** | | | | | | |
| Non-current bank balances | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 | 0.22 |
| **Total** | **1.18** | **1.24** | **0.40** | **1.21** | **0.43** | **0.22** |

**Notes:**
1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary/ Key Managerial Personnel

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Advance to subsidiaries** | | | | | | |
| Quick Heal Technologies America Inc. | 0.06 | 0.02 | - | - | - | - |
| Quick Heal Technologies Japan K.K | 0.31 | 0.29 | 0.49 | 0.49 | - | - |
| Quick Heal Dubai MENA FZE | 0.65 | 2.41 | 0.56 | - | - | - |

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Quick Heal Technologies Africa Ltd | 2.55 | 0.85 | 0.87 | - | - | - |
| **Total** | **3.57** | **3.57** | **1.92** | **0.49** | **-** | **-** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors.

The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XII - RESTATED UNCONSOLIDATED STATEMENT OF CURRENT INVESTMENTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Non trade (valued at lower of cost and fair value unless stated otherwise)** | | | | | | |
| Investment in mutual funds (quoted) | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 | 487.03 |
| | **959.49** | **1,296.08** | **1,313.76** | **1,393.77** | **1,001.34** | **487.03** |
| Aggregate amount of quoted investments | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 | 487.03 |
| **Total** | **959.49** | **1,296.08** | **1,313.76** | **1,393.77** | **1,001.34** | **487.03** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIII - RESTATED UNCONSOLIDATED STATEMENT OF CURRENT TRADE RECEIVABLES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | | | |
| Unsecured, considered good | 66.74 | 60.63 | 25.58 | 1.67 | 13.07 | 1.37 |
| Considered doubtful | 214.76 | 211.40 | 135.97 | 22.17 | 9.44 | 5.97 |
| | **281.50** | **272.03** | **161.55** | **23.84** | **22.51** | **7.34** |
| Less: Provision for doubtful receivables | 214.76 | 211.40 | 135.97 | 22.17 | 9.44 | 5.97 |
| | **66.74** | **60.63** | **25.58** | **1.67** | **13.07** | **1.37** |
| **Other receivables (less than six months)** | | | | | | |
| Unsecured, considered good | 545.14 | 615.95 | 683.50 | 771.26 | 643.76 | 475.63 |
| Considered doubtful | - | - | 70.31 | - | - | - |
| | **545.14** | **615.95** | **753.81** | **771.26** | **643.76** | **475.63** |
| Less: Provision for doubtful receivables | | - | 70.31 | - | - | - |
| | **545.14** | **615.95** | **683.50** | **771.26** | **643.76** | **475.63** |
| **Total** | **611.88** | **676.58** | **709.08** | **772.93** | **656.83** | **477.00** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary/ Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Quick Heal Technologies America Inc. | 3.48 | 2.74 | 1.58 | 0.13 | - | - |
| Quick Heal Technologies Japan K.K | 22.60 | 18.32 | 13.62 | 0.70 | - | - |
| Quick Heal Dubai MENA FZE | 8.39 | 6.28 | 0.59 | - | - | - |
| Quick Heal Technologies Africa Ltd | 21.61 | 17.13 | 8.21 | - | - | - |
| **Total** | **56.08** | **44.47** | **24.00** | **0.83** | **-** | **-** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIV- RESTATED UNCONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES AND OTHER CURRENT ASSETS**

**A) Short term loans and advances**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Unsecured, considered good** | | | | | | |
| **Security deposits** | | | | | | |
| Unsecured, considered good | 10.19 | 8.75 | 6.98 | 4.52 | 4.73 | 3.97 |
| | **10.19** | **8.75** | **6.98** | **4.52** | **4.73** | **3.97** |
| **Advances recoverable in cash or kind** | | | | | | |
| Unsecured, considered good | 21.94 | 2.21 | 2.16 | 0.92 | 0.10 | 0.01 |
| | **21.94** | **2.21** | **2.16** | **0.92** | **0.10** | **0.01** |
| **Other loans and advances** | | | | | | |
| Unsecured, considered good | | | | | | |
| Prepaid expenses | 20.80 | 24.75 | 37.68 | 9.76 | 10.67 | 7.36 |
| Balances with customs and excise and other authorities | 0.73 | 2.79 | 2.89 | 0.21 | 0.37 | 10.74 |
| Advance to suppliers | 25.11 | 13.79 | 10.82 | 46.99 | 17.99 | 0.92 |
| MAT Credit entitlement | - | - | - | - | - | 3.91 |
| Loan to employees | - | - | - | 2.79 | 2.44 | 2.77 |
| Advance to employees | 2.71 | 1.45 | 0.18 | 0.37 | 0.41 | 0.06 |
| **Unsecured, considered doubtful** | | | | | | |
| Advance to suppliers | 6.38 | 6.38 | 6.38 | - | - | - |
| Provision for doubtful advances | (6.38) | (6.38) | (6.38) | - | - | - |
| | **49.35** | **42.78** | **51.57** | **60.12** | **31.88** | **25.76** |
| **Total** | **81.48** | **53.74** | **60.71** | **65.56** | **36.71** | **29.74** |

**B) Other current assets**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Unsecured, considered good** | | | | | | |
| Interest accrued on fixed deposits | 0.24 | 0.15 | 0.05 | 0.57 | 1.58 | 0.02 |
| Other assets | 1.72 | 1.46 | 1.58 | - | - | - |
| Share issue expenses to the extent not written off or adjusted | 37.86 | - | - | - | - | - |
| Dividend receivable on investments | - | - | - | 0.38 | - | - |
| **Total** | **39.82** | **1.61** | **1.63** | **0.95** | **1.58** | **0.02** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.
2) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary/ Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-15 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Advances given** | | | | | | |
| Anupama Katkar | - | - | - | 0.01 | - | - |
| Chhaya Katkar | - | - | - | 0.01 | - | - |
| Abhijit Jorvekar | - | 0.19 | 0.45 | 0.70 | - | - |
| **Total** | **-** | **0.19** | **0.45** | **0.72** | - | - |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors.

The Auditors have not performed any procedure to determine whether the list is accurate and complete.

5) The Company has so far incurred share issue expenses of Rs. 37,858,670 in connection with proposed public offer of equity share. This amount shall be adjusted against securities premium to the extent permissible under section 52 of the Companies Act, 2013 on successful completion of Initial public offer ("IPO"). In accordance with the Companies Act 2013 and also as per the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Company will recover the expenses incurred in connection with the Issue on completion of Initial public offer ("IPO"). This amount has been carried forward and disclosed under the head "Other Current Assets" as "Share Issue Expenses (to the extent of not written off or adjusted). The amount which is receivable from the selling shareholders is not disclosed separately as the amount is it not determinable at this stage pending the completion of the book building process".

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XV - RESTATED UNCONSOLIDATED STATEMENT OF REVENUE**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Revenue from operations** | | | | | | |
| Sale of manufactured products | 9.36 | 25.89 | 20.01 | 2.98 | - | 1,435.28 |
| Sale of traded goods | 1457.7 | 2,812.14 | 2,418.58 | 2,045.05 | 1,789.85 | - |
| Sale of services | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 | 1.03 |
| **Revenue from operations (gross)** | **1,467.33** | **2,840.67** | **2,439.05** | **2,048.92** | **1,790.65** | **1,436.31** |
| Less: Excise duty | | - | 0.01 | 0.08 | 0.88 | 129.04 |
| **Revenue from operations (net)** | **1,467.33** | **2,840.67** | **2,439.04** | **2,048.84** | **1,789.77** | **1,307.27** |

**Notes:**
1) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.
2) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.
3) Following are the amounts of sales made to Directors/Promoters/Promoter Group/Relatives of Promoters/ Relatives of Directors/ Entities having significant influence/Subsidiary/ Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Quick Heal Technologies America Inc. | 0.57 | 1.06 | 1.49 | 0.13 | - | - |
| Quick Heal Technologies Japan K.K | 3.09 | 5.96 | 13.00 | 0.87 | - | - |
| Quick Heal Dubai MENA FZE | 1.72 | 5.56 | 0.59 | - | - | - |
| Quick Heal Technologies Africa Ltd | 5.45 | 9.49 | 8.38 | - | - | - |
| **Total** | **10.83** | **22.07** | **23.46** | **1.00** | **-** | **-** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVI - RESTATED UNCONSOLIDATED STATEMENT OF OTHER INCOME**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Nature | Related / not related to business activity | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Interest income on** | | | | | | | | |
| Bank deposits | recurring | not related | 0.13 | 3.58 | 4.08 | 4.62 | 5.88 | 3.08 |
| Income tax refund | non recurring | not related | - | - | - | 5.40 | - | - |
| Others | recurring | not related | 0.82 | 0.21 | 0.30 | 0.33 | 0.23 | 0.22 |
| Dividend income on current investments | recurring | not related | 28.84 | 63.62 | 75.57 | 69.92 | 47.40 | 20.45 |
| Net gain on sale of investments | non recurring | not related | 7.35 | 13.73 | 16.92 | 14.82 | 0.04 | 0.10 |
| Foreign exchange gains (net) | recurring | related | 1.40 | - | 0.69 | - | 2.49 | - |
| Profit on sale of fixed assets (net) | non recurring | not related | - | 0.57 | - | 0.01 | - | - |
| Miscellaneous income | non recurring | not related | 1.28 | 0.12 | 0.89 | 2.40 | 0.76 | - |
| **Total** | | | **39.82** | **81.83** | **98.45** | **97.50** | **56.80** | **23.85** |

**Notes:**

1) The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

2) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVII - RESTATED UNCONSOLIDATED STATEMENT OF COST OF SECURITY DEVICES AND SOFTWARE PRODUCTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **(a) Raw materials consumed** | | | | | | |
| Security software devices inventory at the beginning of the period/year | 28.71 | 24.69 | 10.18 | 6.08 | - | - |
| Add: Purchases | 5.47 | 24.88 | 25.85 | 5.61 | 91.20 | 70.00 |
| Less: Inventory as at end of the period/ year | 29.62 | 28.71 | 24.69 | 10.18 | 6.08 | - |
| | **4.56** | **20.86** | **11.34** | **1.51** | **85.12** | **70.00** |
| **(b) Purchase of security software products** | | | | | | |
| Purchase of security software products | 50.25 | 137.15 | 116.78 | 104.66 | - | - |
| | **50.25** | **137.15** | **116.78** | **104.66** | **-** | **-** |
| **(c)(Increase )/decrease in security software products** | | | | | | |
| Finished goods at the beginning of the period/ year | 40.91 | 29.47 | 11.22 | - | - | - |
| Less: Finished goods at the end of the period/ year | 31.27 | 40.91 | 29.47 | 11.22 | - | - |
| | **9.64** | **(11.44)** | **(18.25)** | **(11.22)** | **-** | **-** |
| **Total** | **64.45** | **146.57** | **109.87** | **94.95** | **85.12** | **70.00** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.
2) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVIII- RESTATED UNCONSOLIDATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Salaries, wages and bonus | 371.42 | 569.57 | 395.43 | 263.61 | 188.90 | 142.14 |
| Contribution to provident fund | 12.36 | 16.73 | 8.29 | 5.90 | 4.27 | 3.30 |
| Contribution to other funds | 0.69 | 1.19 | 0.97 | 1.08 | 1.21 | 0.91 |
| Gratuity expenses | 8.11 | 16.98 | 5.49 | 2.05 | 3.07 | 1.59 |
| Staff welfare expenses | 9.67 | 19.80 | 14.88 | 8.92 | 9.31 | 8.12 |
| Employee stock compensation expenses | 0.82 | 1.28 | 0.10 | - | - | - |
| **Total** | **403.07** | **625.55** | **425.16** | **281.56** | **206.76** | **156.06** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) Following are the amounts paid to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/Subsidiary/ Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Remuneration paid (on accrual basis)** | | | | | | |
| Kailash Katkar | 5.31 | 10.02 | 8.54 | 7.13 | 6.18 | 5.44 |
| Sanjay Katkar | 5.31 | 10.02 | 8.54 | 7.16 | 6.18 | 5.44 |
| Abhijit Jorvekar | 4.15 | 8.39 | 7.70 | 5.97 | 0.10 | - |
| Anupama Katkar | 1.38 | 2.55 | 1.85 | 1.38 | 1.20 | 1.50 |
| Rajesh Ghonasgi | 5.63 | 9.34 | 4.41 | - | - | - |
| Vijay Shirode | 0.50 | 0.92 | 0.43 | - | - | - |
| Chhaya Katkar | - | - | - | - | - | 0.38 |
| **Total** | **22.28** | **41.24** | **31.47** | **21.64** | **13.66** | **12.76** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIX- RESTATED UNCONSOLIDATED STATEMENT OF OPERATION AND OTHER EXPENSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Web publishing expenses | 44.36 | 89.02 | 72.79 | 42.17 | 39.94 | 18.12 |
| Technology subscription charges | 27.13 | 37.23 | 29.67 | 23.69 | 16.25 | 24.81 |
| Fees for technical services | 60.99 | 119.23 | 78.41 | 42.94 | 25.15 | 2.01 |
| Power and fuel | 15.97 | 19.39 | 11.29 | 7.76 | 5.70 | 3.92 |
| Rent | 12.04 | 27.94 | 15.37 | 15.60 | 7.77 | 5.18 |
| Rates and taxes | 3.27 | 11.39 | 8.13 | 21.25 | 24.86 | 59.63 |
| Insurance | 4.28 | 2.60 | 0.42 | 0.27 | 0.17 | 0.10 |
| Repairs and maintenance | | | | | | |
| Buildings | 5.35 | 4.99 | 3.30 | 2.91 | 3.72 | 4.56 |
| Others | 9.46 | 10.87 | 4.72 | 1.39 | 2.30 | 1.51 |
| CSR expenditure | 2.44 | 2.43 | - | - | - | - |
| Sales incentive | 105.37 | 223.08 | 145.26 | 103.65 | 96.99 | 60.05 |
| Director Sitting Fees | 0.15 | - | - | - | - | - |
| Business promotion expenses | 50.87 | 133.02 | 108.94 | 70.34 | 53.89 | 62.02 |
| Advertising and sales promotion | 90.17 | 287.71 | 223.10 | 190.28 | 181.94 | 237.42 |
| Freight and forwarding charges | 3.37 | 7.88 | 7.59 | 18.88 | 20.55 | 2.15 |
| Traveling and conveyance | 17.89 | 35.66 | 26.44 | 13.10 | 8.73 | 6.83 |
| Communication costs | 26.11 | 29.50 | 22.80 | 16.94 | 12.44 | 8.71 |
| Office expenses | 27.22 | 28.93 | 15.08 | 6.42 | 4.93 | 1.88 |
| Donations | | | | | | |
| Donations others | 0.20 | 0.84 | 1.13 | 5.62 | 3.15 | 2.53 |
| Donation to political parties | - | 2.50 | - | - | - | - |
| Legal and professional fees | 18.87 | 21.57 | 26.65 | 6.61 | 9.59 | 3.48 |
| Payment to statutory auditor | 2.17 | 2.89 | 1.88 | 1.09 | 0.77 | 0.77 |
| Foreign exchange loss (net) | - | 0.75 | - | 0.08 | - | 0.48 |
| Fixed assets written off | - | 0.08 | 0.12 | 0.22 | 0.20 | - |
| Deposits written off | - | - | - | 0.04 | - | - |
| Provision for doubtful debts and advances | 3.36 | 11.73 | 17.21 | 12.73 | 3.47 | 3.32 |
| Loss on sale of fixed assets (net) | - | - | 0.03 | - | - | - |
| Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 | - |
| Miscellaneous expenses | 6.58 | 11.26 | 8.84 | 6.76 | 16.12 | 10.16 |
| **Total** | **537.67** | **1,125.49** | **829.17** | **614.33** | **541.03** | **519.64** |

**Notes:**

1) The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) Following are the amounts paid to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/subsidiary/ Key Managerial

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Rent paid** | | | | | | |
| Kailash Katkar | 0.48 | 0.96 | 0.96 | 0.96 | - | - |
| Anupama Katkar | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 | - |
| Chhaya Katkar | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 | |
| Kailash Sahebrao Katkar HUF | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 | - |
| Sanjay Sahebrao Katkar HUF | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 | - |
| | **1.52** | **2.90** | **2.72** | **2.58** | **0.46** | **-** |
| **CSR expenditure** | | | | | | |
| Quick Heal Foundation | 2.44 | 2.35 | - | - | - | - |
| | **2.44** | **2.35** | **-** | **-** | **-** | **-** |
| **Total** | **3.96** | **5.25** | **2.72** | **2.58** | **0.46** | **-** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XX- UNCONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Income tax (Refer Note 1) | 3.50 | 3.50 | 3.50 | - | 5.10 | 1.36 |
| Excise duty (Refer Note 2) | - | - | - | 0.02 | 0.02 | - |
| Service tax (Refer Note 3) | 627.31 | 627.31 | - | - | - | - |
| HP VAT Act (Refer Note 4) | - | - | - | 230.63 | - | - |
| Kerala VAT Act (Refer Note 5) | 0.15 | 0.15 | - | - | - | - |
| **Total** | **630.96** | **630.96** | **3.50** | **230.65** | **5.12** | **1.36** |

In all the cases mentioned above, outflow is not probable in accordance with Accounting Standard 29 ("AS-29") Provisions, Contingent Liabilities and Contingent Assets and hence not provided by the Company.

**Notes:**

**1) Income tax**

**For the six months ended September 30, 2015, FY 2014-2015 and FY 2013-2014**

This represents disputed income tax demand of Rs. 3.50 million (including interest of Rs. 0.36 million) 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 is confident that the matter would be decided in favour of the Company and outflow is not probable. Consequently no provision has been made in the books of account in respect of such disputed income tax demands.

**For FY 2011-2012 and FY 2010-2011**

This represents disputed income tax demand arising from disallowance of claim of tax holiday under section 10B of the Income Tax Act, 1961 of Cat Labs Private Limited which has been merged with the Company with effect from April 1, 2010.

**2) Excise duty**

**For FY 2012-2013 and FY 2011-2012**

This represents disputed excise duty demand arising from delay in filing of ER-6 returns under Central Excise Rules. During the year ended March 31, 2014, the Company had received the order not in favour and paid the disputed amount and hence the same is not disclosed as a contingent liability in subsequent years.

**3) Service tax**

**For the six months ended September 30, 2015 and FY 2014-2015**

The Company has received show cause notice cum demand order for payment of Service Tax amounting to Rs. 627.31 million (excluding interest and penalty) on anti-virus software in Compact Disk. The Company has filed the reply against show cause notice with Additional Director General, New Delhi and the management have 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 has been made in the accounts and the demand has been disclosed as contingent liability in the year.

**4) HP VAT Act**

**For FY 2012-2013**

The Company had received a demand for payment of VAT amounting to Rs. 230.63 million in the State of Himachal Pradesh (VAT Rs. 74.64 million, Penalty Rs. 149.28 million and Interest Rs. 6.71 million) on the

grounds of dispute in the valuation of the anti-virus products purchased from third party vendors. The Company had appealed the same before the first level appellate authority and the Management had represented that they had sufficient and strong arguments on facts as well as on point of law. Accordingly, no provision was made in the accounts and the demand was recognized as contingent liability. During the year ended March 31, 2015, the Company received the order in its favour and the amount was no longer required to be disclosed as contingent liability in subsequent year.

**5) Kerala VAT Act**

**For the six months ended September 30, 2015 and FY 2014-2015**

In the year ended March 31, 2015, the Company has received a notice of demand of VAT in the state of Kerala for Rs. 0.15 million (VAT Rs. 0.13 million; Interest Rs. 0.02 million) on the ground of dispute in the stock transfer of antivirus products transferred to the Branch. The Company has appealed the same before the first level appellate authority and the management has 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 has been made in the accounts and the demand has been disclosed as contingent liability.

6) The figures disclosed above are based on the restated unconsolidated summary statement of assets and liabilities of the Company.

7) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXI - RESTATED UNCONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS**

**A) List of related parties and transactions as per requirements Of Accounting Standard -18, 'Related Party Disclosures'**

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **(A) Related party where control exists** | | | | | | |
| **Subsidiary** | Quick Heal Technologies America Inc. | Quick Heal Technologies America Inc. | Quick Heal Technologies America Inc. | Quick Heal Technologies America Inc. | Quick Heal Technologies America Inc. | - |
| | Quick Heal Technologies Japan K.K. | Quick Heal Technologies Japan K.K. | Quick Heal Technologies Japan K.K. | Quick Heal Technologies Japan K.K. | - | - |
| | Quick Heal Technologies Africa Limited | Quick Heal Technologies Africa Limited | Quick Heal Technologies Africa Limited | - | - | - |
| | Quick Heal Technologies (MENA) FZE | Quick Heal Technologies (MENA) FZE | Quick Heal Technologies (MENA) FZE | - | - | - |
| **(B) Other related parties with whom transactions have been entered into during the year** | | | | | | |
| **(i) Key Management Personnel ("KMP")** | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer |
| | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer |
| | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | - |
| | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | | | |
| | Vijay Shirode, Company Secretary | Vijay Shirode, Company Secretary | Vijay Shirode, Company Secretary | | | |

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **(ii) Relatives of Key Management Personnel ("RKMP")** | Anupama Katkar (wife of Kailash Katkar) | Anupama Katkar (wife of Kailash Katkar) | Anupama Katkar (wife of Kailash Katkar) | Anupama Katkar (wife of Kailash Katkar) | Anupama Katkar (wife of Kailash Katkar) | Anupama Katkar (wife of Kailash Katkar) |
| | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) |
| **(iii) Enterprises owned or significantly influenced by key management personnel or their relatives ("EKMP/ERKMP")** | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF |
| | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF |
| | Quick Heal Foundation | Quick Heal Foundation | | | | |

**B) Details of transactions with related parties**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Relationship | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
| **Remuneration** | | | | | | | |
| Kailash Katkar | KMP | 5.31 | 10.02 | 8.54 | 7.13 | 6.18 | 5.44 |
| Sanjay Katkar | KMP | 5.31 | 10.02 | 8.54 | 7.16 | 6.18 | 5.44 |
| Abhijit Jorvekar | KMP | 4.15 | 8.39 | 7.70 | 5.97 | 0.10 | - |
| Anupama Katkar | RKMP | 1.38 | 2.55 | 1.85 | 1.38 | 1.20 | 1.50 |
| Rajesh Ghonasgi | KMP | 5.63 | 9.34 | 4.41 | - | - | - |
| Vijay Shirode | KMP | 0.50 | 0.92 | 0.43 | - | - | - |
| Chhaya Katkar (Refer Note 4) | RKMP | | - | - | - | - | 0.38 |
| | | **22.28** | **41.24** | **31.47** | **21.64** | **13.66** | **12.76** |
| **Rent paid** | | | | | | | |
| Kailash Katkar | KMP | 0.48 | 0.96 | 0.96 | 0.96 | - | - |
| Anupama Katkar | RKMP | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 | - |
| Chhaya Katkar | RKMP | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 | - |
| Kailash Sahebrao Katkar HUF | EKMP/ERKMP | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 | - |
| Sanjay Sahebrao Katkar HUF | EKMP/ERKMP | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 | - |
| | | **1.52** | **2.90** | **2.72** | **2.58** | **0.46** | **-** |
| **CSR expenditure** | | | | | | | |
| Quick Heal Foundation | EKMP/ERKMP | 2.44 | 2.35 | - | - | - | - |
| | | **2.44** | **2.35** | **-** | **-** | **-** | **-** |
| **Sale of security software products** | | | | | | | |
| Quick Heal Technologies America Inc. | Subsidiary | 0.57 | 1.06 | 1.49 | 0.13 | - | - |

| Particulars | Relationship | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
| Quick Heal Technologies Japan K.K | Subsidiary | 3.09 | 5.96 | 13.00 | 0.87 | - | - |
| Quick Heal Dubai MENA FZE | Subsidiary | 1.72 | 5.56 | 0.59 | - | - | - |
| Quick Heal Technologies Africa Ltd | Subsidiary | 5.45 | 9.49 | 8.38 | - | - | - |
| | | **10.83** | **22.07** | **23.46** | **1.00** | **-** | **-** |
| **Investment** | | | | | | | |
| Quick Heal Technologies America Inc. | Subsidiary | - | - | - | 1.66 | - | - |
| Quick Heal Technologies Japan K.K | Subsidiary | - | 5.13 | 14.32 | 6.88 | - | - |
| Quick Heal Dubai MENA FZE | Subsidiary | - | 41.62 | 6.70 | - | - | - |
| Quick Heal Technologies Africa Ltd | Subsidiary | - | 1.73 | 10.91 | - | - | - |
| | | **-** | **48.48** | **31.93** | **8.54** | **-** | **-** |

**C) Balance outstanding at the year end**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Relationship | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **Remuneration payable / (paid in advance)** | | | | | | | |
| Kailash Katkar | KMP | - | 1.45 | 0.49 | 0.59 | - | - |
| Sanjay Katkar | KMP | 0.59 | 1.45 | 0.49 | 0.59 | - | - |
| Abhijit Jorvekar | KMP | 0.31 | 0.31 | 0.39 | 0.37 | - | - |
| Anupama Katkar | RKMP | - | 0.39 | 0.12 | 0.12 | - | 0.13 |
| Rajesh Ghonasgi | KMP | 0.48 | 0.45 | 0.57 | - | - | - |
| Vijay Shirode | KMP | - | 0.07 | 0.06 | - | - | - |
| | | **1.38** | **4.12** | **2.12** | **1.67** | **-** | **0.13** |
| **Rent payable / (receivable)** | | | | | | | |
| Anupama Katkar | RKMP | 0.04 | 0.02 | - | (0.01) | 0.01 | - |
| Chhaya Katkar | RKMP | 0.04 | 0.02 | - | (0.01) | 0.01 | - |
| Kailash Sahebrao Katkar HUF | EKMP/ERKMP | 0.11 | 0.06 | - | 0.02 | 0.02 | - |
| Sanjay Sahebrao Katkar HUF | EKMP/ERKMP | 0.30 | 0.06 | - | 0.02 | 0.02 | - |
| | | **0.49** | **0.16** | **-** | **0.02** | **0.06** | **-** |
| **Trade receivable** | | | | | | | |
| Quick Heal Technologies America Inc. | Subsidiary | 3.48 | 2.74 | 1.58 | 0.13 | - | - |

| Particulars | Relationship | As at | | | | | |
|---|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| Quick Heal Technologies Japan K.K | Subsidiary | 22.60 | 18.32 | 13.62 | 0.70 | - | - |
| Quick Heal Dubai MENA FZE | Subsidiary | 8.39 | 6.28 | 0.59 | - | - | - |
| Quick Heal Technologies Africa Ltd | Subsidiary | 21.61 | 17.13 | 8.21 | - | - | - |
| | | **56.08** | **44.47** | **24.00** | **0.83** | - | - |
| **Advances receivable/ payable** | | | | | | | |
| Quick Heal Technologies America Inc. | Subsidiary | 0.06 | 0.02 | - | - | - | - |
| Quick Heal Technologies Japan K.K | Subsidiary | 0.31 | 0.29 | 0.49 | 0.49 | - | - |
| Quick Heal Dubai MENA FZE | Subsidiary | 0.65 | 2.41 | 0.56 | - | - | - |
| Quick Heal Technologies Africa Ltd | Subsidiary | 2.55 | 0.85 | 0.87 | - | - | - |
| Abhijit Jorvekar | KMP | | 0.19 | 0.45 | 0.70 | - | - |
| | | **3.57** | **3.76** | **2.37** | **1.19** | - | - |

**Notes :**

1) The classification and the disclosures of information of related parties for each of the years is in accordance with the Accounting Standard (AS) 18 - Related Party Disclosures, as specified by the Regulations.

2) The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities and profits and losses of the Company.

3) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

4) The remuneration has been paid as director of Cat Labs Private Limited which merged with the Company with retrospective effect from April 1, 2010

5) The remuneration to the key managerial 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 to key managerial personnel does not include employee stock compensation expense.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXII - CAPITALISATION STATEMENT**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Pre IPO as at September 30, 2015 | Pre IPO as at March 31, 2015 | As adjusted for IPO (Refer Note 3 below) |
|---|---|---|---|
| **Debt** | | | |
| Short term borrowings (A) | - | - | - |
| Long term borrowings (B) | - | - | - |
| **Total borrowings (C )= (A+B)** | **-** | **-** | **-** |
| **Shareholder's funds/ Net worth/ Equity** | | | |
| **Share capital (D)** | **610.70** | **610.70** | **-** |
| Reserves and Surplus, as restated | | | |
| Employees share options outstanding account | 2.20 | 1.38 | - |
| Surplus in statement of profit and loss | 2,550.97 | 2,287.54 | - |
| General reserves | 450.26 | 450.26 | - |
| **Total reserves and surplus (E)** | **3,003.43** | **2,739.18** | - |
| **Total equity (F = D + E)** | **3,614.13** | **3,349.88** | - |
| **Long term borrowings / Shareholders' funds (C/F)** | **-** | **-** | **-** |

**Note:**

1) The above has been computed on the basis of the restated unconsolidated summary statements of assets and liabilities of the Company.

2) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) The corresponding post IPO capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the book building process and hence, the same have not been provided in the above statement.

4) There were no long term borrowings as at March 31, 2015 and as at September 30, 2015.

5) As per section 2(57) of the Companies Act, 2013, "net worth" means the aggregate values of the paid up capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXIII - RESTATED UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS**

*Rs. in million (except per share data in Rs.)*

| | Particulars | | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| A. | Basic earnings per share (Rs.) (refer note 1 (a)) | | 4.31 | 9.22 | 10.08 | 12.70 | 11.17 | 6.48 |
| B. | Diluted earnings per share (Rs.) (refer note 1 (b)) | | 4.25 | 9.09 | 9.94 | 12.70 | 11.17 | 6.48 |
| C. | Net profit after tax as restated for calculating basic EPS | | 263.43 | 562.98 | 615.53 | 775.38 | 681.95 | 385.77 |
| D. | Net profit after tax as restated for calculating diluted EPS | | 263.43 | 562.98 | 615.53 | 775.38 | 681.95 | 385.77 |
| E. | Weighted average number of equity shares outstanding at end of the year | | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 59,552,800 |
| F. | Weighted average number of equity shares for calculating diluted EPS (Note 2) | | 61,925,755 | 61,935,481 | 61,907,337 | 61,069,688 | 61,069,688 | 59,552,800 |
| G. | Net worth at the end of the year (Note 3) | | 3,614.13 | 3,349.88 | 3,335.02 | 2,830.05 | 2,076.99 | 1,408.35 |
| H. | Total number of equity shares outstanding at the end of the year (Note 6) | | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 60,976,984 |
| I. | Return on net worth (%) (Note 1 (c)) | C / G | 7.29% | 16.81% | 18.46% | 27.40% | 32.83% | 27.39% |
| J. | Net asset value per equity share (Rs.) (Note 1 (d)) | G / H | 59.18 | 54.85 | 54.61 | 46.34 | 34.01 | 23.10 |

**Notes:**

1) The ratios have been computed as below:

(a) Basic earnings per share (Rs. ) = Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period/ year

(b) Diluted earnings per share (Rs. ) = Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period/ year for diluted EPS

| | |
|---|---|
| (c) Return on net worth (%) | Net profit after tax (as restated) and after preference dividend and related tax thereon / Net worth at the end of the period/ year |
| (d) Net assets value per share (Rs.) | Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year |

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/ year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital (including share suspense) + Reserves and surplus ( including, Securities Premium, General Reserve, Stock options outstanding, and surplus in statement of profit and loss and excluding revaluation reserve and amalgamation reserve).

4) The above ratios have been computed on the basis of restated unconsolidated summary statements of the Company.

5) The above statement should be read with the notes to restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

6) Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014. As per Accounting Standard 20, in case of bonus shares or consolidation of shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity share outstanding during all the previous years have been considered accordingly.

7) Subsequent to the year ended March 31, 2015, the board of director of the company had at the Extra Ordinary General Meeting held on September 14th 2015, pursuant to the ESOP scheme "ESOP 2014" increased the total number of stock options to be granted to the eligible employees of the Company by 400,000 options exercisable into 400,000 equity shares, on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities.

The Board of the Directors of the Company have approved the grant of 164,500 stock options to the eligible employees on September 24, 2015 at exercise price of Rs. 115/- per option from ESOP 2014.

Further, the Board of Directors of the Company have approved the grant of 27,000 and 3,500 stock options to the eligible employees on November 25, 2015 and December 23, 2015 respectively at an exercise price of Rs. 119/- per share from ESOP 2014.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXIV - RESTATED UNCONSOLIDATED STATEMENT OF TAX SHELTER**

*(All amounts are in INR million unless otherwise stated)*

| | | Six months ended 30-Sept-2015 | For the year ended | | | | |
|---|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A** | **Restated profit before taxes** | **388.55** | **823.06** | **891.99** | **1,111.11** | **992.35** | **569.55** |
| **B** | Tax rate (%) | 34.61% | 33.99% | 33.99% | 32.45% | 32.45% | 33.22% |
| **C** | Tax impact (A* B) | 134.47 | 279.76 | 303.19 | 360.56 | 322.02 | 189.20 |
| **D** | **Permanent differences** | | | | | | |
| | Expenditure in capital nature | - | - | 4.38 | - | 0.16 | - |
| | Dividend not chargeable to tax | (28.84) | (63.62) | (75.57) | (69.92) | (47.40) | (20.45) |
| | Interest on TDS payments and penalties | 0.04 | 0.34 | - | 0.08 | 0.12 | 0.01 |
| | Donation disallowed under the Act | 2.64 | 3.23 | 0.56 | 3.12 | 1.58 | 1.26 |
| | Profit on sale of investments | (6.09) | (7.03) | (16.92) | (14.88) | (0.02) | (0.10) |
| | Disallowance under rule 8 D | 1.06 | 1.50 | 5.35 | 5.36 | 3.72 | - |
| | Wealth tax expenses | - | 0.05 | 0.04 | 0.03 | 0.04 | - |
| | Other expenses disallowed as per Income Tax Act, 1961 | 4.18 | 7.69 | 3.53 | (0.28) | 5.99 | 2.96 |
| | **Sub Total (D)** | **(27.01)** | **(57.90)** | **(78.63)** | **(76.49)** | **(35.81)** | **(16.32)** |
| **E** | **Temporary differences** | | | | | | |
| | Difference between book depreciation and tax depreciation | (10.03) | 10.25 | (68.98) | (36.02) | (6.68) | (3.28) |
| | Profit / (Loss) on sale/discard of Fixed Assets | - | 0.49 | (0.15) | (0.20) | - | - |
| | Provision for doubtful debts and advances | 7.25 | 5.12 | 190.49 | 13.56 | 3.56 | 3.26 |
| | Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis (Sec 4B) | 3.27 | 11.30 | 9.35 | 8.43 | 4.75 | (38.81) |
| | Deferred Revenue | 12.50 | - | - | - | - | - |
| | **Sub Total (E)** | **12.99** | **27.16** | **130.71** | **(14.23)** | **1.63** | **(38.83)** |
| **F** | **Total adjustments (D+E)** | (14.02) | (30.74) | 52.08 | (90.72) | (34.18) | (55.15) |
| **G** | Tax on adjustments ( D* B) | (4.85) | (10.45) | 17.70 | (29.44) | (11.09) | (18.32) |
| **H** | Deferred tax (credit) / charge | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) | 12.90 |
| | | | | | | | |
| **I** | **Tax for the period/ year (I = C + G + H)** | **125.12** | **260.08** | **276.46** | **335.73** | **310.40** | **183.78** |
| | **As per restated financials** | | | | | | |
| **J** | Current tax | 129.62 | 269.31 | 320.89 | 331.11 | 310.93 | 170.88 |
| **K** | Deferred tax | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) | 12.90 |
| **L** | **Total tax expenses ( L = J + K)** | **125.12** | **260.08** | **276.46** | **335.73** | **310.40** | **183.78** |

**Notes**

1 The aforesaid statement of tax shelters has been prepared as per the restated unconsolidated summary statement of profits and losses of the Company.

2 The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXV - UNCONSOLIDATED STATEMENT OF DIVIDEND**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | | |
|---|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2011 |
| **A. Equity Shares (Face value Rs.)** | | | | | | |
| - Class A Equity Shares | - | - | - | 10 | 10 | 10 |
| - Ordinary Equity Shares | 10 | 10 | 10 | 10 | 10 | 10 |
| **Dividend paid** | | | | | | |
| **Rate of dividend (%)** | | | | | | |
| - Class A Equity Shares | 0.00% | 0.00% | 0.00% | 25.00% | 15.00% | 0.00% |
| - Ordinary Equity Shares | 0.00% | 75.00% | 75.00% | 25.00% | 15.00% | 0.00% |
| **Dividend, excluding dividend tax** | | | | | | |
| **- Class A Equity Shares** | | | | | | |
| Interim | - | - | - | 1.95 | 1.17 | - |
| Final | - | - | - | - | - | - |
| **- Ordinary Equity Shares** | | | | | | |
| Interim | - | 458.02 | 94.58 | 17.13 | 10.28 | - |
| Final | - | - | - | - | - | - |
| **Total** | **-** | **458.02** | **94.58** | **19.08** | **11.45** | **-** |

**Notes:**

1) The above statement should be read with the notes to restated unconsolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

2) During the year ended March 31, 2014, the Company at its Extra Ordinary General Meeting on February 26, 2014 had converted Class A equity shares having par value of Rs. 10 per share into ordinary equity shares.

3) During the year ended March 31, 2014, the Company at its board meeting held on August 19, 2014 declared interim dividend for the financial year 2013-2014, post conversion of shares and issuance of bonus shares Dividend on bonus shares was paid to shareholders on pro-rata basis, i.e.. Number of days of holding of bonus shares.

**Report of auditors on the Restated Consolidated Summary Statements of Assets and Liabilities as at September 30, 2015, March 31, 2015, 2014, 2013 and 2012 and Profits and Losses and Cash Flows for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 of Quick Heal Technologies Limited and its Subsidiaries (collectively, the "Restated Consolidated Summary Statements")**

To,
The Board of Directors
Quick Heal Technologies Limited
Marvel Edge, Office no, 7010 C & D,
7th Floor, Viman Nagar
Pune – 411 014

Dear Sirs,

1. We have examined the Restated Consolidated Summary Statements of Quick Heal Technologies Limited (the "Company") and its subsidiaries (together referred to as the "Group") as at September 30, 2015, March 31, 2015, 2014, 2013 and 2012 and the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012, annexed to this report for the purpose of inclusion in the offer document, prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors, has been prepared by the Company in accordance with the requirements of:

    a) Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act 2013 (the "Act") read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014; and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

2. We have examined such Restated Consolidated Summary Statements taking into consideration:

    a) the terms of our engagement agreed with you vide our engagement letter dated September 3, 2015, requesting us to carry out work on such restated financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO; and

    b) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

3. The Company proposes to make an IPO which comprises of a fresh issue of equity shares of Rs. 10 each as well as an offer for sale by certain shareholders' existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

**Restated Consolidated Summary Statements as per audited consolidated financial statements:**

4. The Restated Consolidated Summary Statements has been compiled by the management from:

    a) the audited consolidated financial statements of the Group, as at September 30, 2015 and for the six months period ended September 30, 2015, prepared in accordance with accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company on January 4, 2016; and the audited consolidated financial statements of the Group, as at March 31, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2015, 2014, 2013 and 2012, prepared in accordance with accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company on September 24, 2015;and

b) the consolidated financial statements included information in relation to the Company's subsidiaries as listed below:

| Name of the entity and relationship | Relationship | Period covered |
|---|---|---|
| Quick Heal Technologies America Inc., USA | Subsidiary | Six months period ended September 30, 2015, years ended March 31, 2015, 2014, 2013 and 2012 |
| Quick Heal Technologies Japan K.K., Japan | Subsidiary | Six months period ended September 30, 2015, years ended March 31, 2015, 2014 and 2013 |
| Quick Heal Technologies, Africa Limited, Kenya | Subsidiary | Six months period ended September 30, 2015, years ended March 31, 2015 and 2014 |
| Quick Heal Technologies MENA FZE, UAE | Subsidiary | Six months period ended September 30, 2015, years ended March 31, 2015 and 2014 |

5. For the purpose of our examination, we have relied on :

a) Audit report issued by us dated January 4, 2016 on the consolidated financial statements of the Group as at September 30, 2015 and for the six months period ended September 30, 2015 and audit report issued by us dated September 24, 2015, on the consolidated financial statements of the Group as at March 31, 2015, 2014, 2013 and 2012 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 as referred in Para 4 (a) above.

As indicated in our audit reports referred to above, we did not audit the financial statements of certain subsidiaries as referred in Para 4(b) above, which included the following amounts with respect to such subsidiaries:

| As at and for the period / year ended | Total assets (Rs. Millions) | Total revenue (Rs. Millions) | Cash inflow / (outflow) (Rs. Millions | Net profit / (loss) (Rs. Millions) |
|---|---|---|---|---|
| September 30, 2015 | 70.19 | 26.42 | (13.95) | (10.35) |
| March 31, 2015 | 79.89 | 42.94 | 39.26 | (2.85) |
| March 31, 2014 | 33.12 | 12.28 | 10.48 | (8.23) |
| March 31, 2013 | 5.72 | 2.21 | 3.22 | (5.38) |
| March 31, 2012 | 0.001 | - | 0.001 | (0.20) |

These financial statements were audited by other auditors, whose reports have been provided to us. Accordingly our opinion on the Restated Consolidated Summary Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of other auditors

6. In accordance with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Regulations and terms of our engagement agreed with you, we report that, read with paragraph 4 and 5 above, we have examined the Restated Consolidated Summary Statements as at September 30, 2015, March 31, 2015, 2014, 2013 and 2012 and for six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 as set out in Annexures I to III.

7. Based on our examination and the audited consolidated financial statements of the Group for six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 as referred to in Para 5 above, we report that:

i. The Restated Consolidated Summary Statements have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report;

ii. There are no accounting policy changes adopted by the Group as at September 30, 2015, March 31, 2015, 2014, 2013 and 2012 and for six months period September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 that have been adjusted for, and, that there have been accounting policy changes as stated in note 2(b) in Annexure IV to the Restated Consolidated Summary Statements, which are not adjusted for, since their impact is not material;

iii. Adjustments for the material amounts in the respective financial years to which they relate have been adjusted in the Restated Consolidated Summary Statements;

iv. There are no extraordinary items which need to be disclosed separately in the Restated Consolidated Summary Statements;

v. There are no qualifications in the auditors' reports on the Consolidated Financial Statements of the Group as at September 30, 2015, March 31, 2015, 2014, 2013 and 2012 and for six months period September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012 which require any adjustments to the Restated Consolidated Summary Statements; and

vi. Further, our audit report dated January 4, 2016 on the audited Consolidated Financial Statements as at September 30, 2015 and for six months period September 30, 2015; and our audit report dated September 24, 2015 on the audited Consolidated Financial Statements as at March 31, 2015 and for the year ended March 31, 2015 included, emphasis of matters, which do not require any corrective adjustment in the financial information, which are as follows:

**For the six months period ended September 30, 2015**

We draw attention to note 25(i) to the interim condensed consolidated financial statements, wherein it is stated that the Holding Company has received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.30 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Holding Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

(The note reference given above, is included as note 3 (i) in the Annexure IV to the Restated Consolidated Summary Statements).

**For the year ended March 31, 2015**

We draw attention to note 31(i) to the consolidated financial statements, wherein it is stated that the Holding Company has received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.30 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Holding Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

(The note reference given above, is included as note 3 (ii) in the Annexure IV to the Restated Consolidated Summary Statements).

8. We have not audited, any consolidated financial statements of the Group as of any date or for any period subsequent to September 30, 2015. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to September 30, 2015.

**Other Financial Information:**

9. At the Company's request, we have also examined the following Consolidated Summary Statements proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group as at September 30, 2015, March 31, 2015,

2014, 2013 and 2012 and for the six months period ended September 30, 2015 and for each of the years ended March 31, 2015, 2014, 2013 and 2012:

a) Restated Consolidated Statement of Reserves and Surplus, enclosed as Annexure VI;
b) Restated Consolidated Statement of Deferred Tax, as Annexure VII;
c) Restated Consolidated Statement of Long Term and Short Term Provisions, enclosed as Annexure VIII;
d) Restated Consolidated Statement of Trade Payables and Other Current Liabilities, enclosed as Annexure IX;
e) Restated Consolidated Statement of Non- Current Investments, enclosed as Annexure X;
f) Restated Consolidated Statement of Long term Loans and Advances and Other Non-Current Assets, enclosed as Annexure XI;
g) Restated Consolidated Statement of Current Investments, enclosed as Annexure XII;
h) Restated Consolidated Statement of Current Trade Receivables, enclosed as Annexure XIII;
i) Restated Consolidated Statement of Short term Loans and Advances and Other Current Assets, enclosed as Annexure XIV;
j) Restated Consolidated Statement of Revenue enclosed as Annexure XV;
k) Restated Consolidated Statement of Other Income, enclosed as Annexure XVI;
l) Restated Consolidated Statement of Cost of Security Devices and Software Products, enclosed as Annexure XVII;
m) Restated Consolidated Statement of Employee Benefits Expense, enclosed as Annexure XVIII;
n) Restated Consolidated Statement of Operation and Other Expenses, enclosed as Annexure XIX;
o) Consolidated Statement of Contingent Liabilities, enclosed as Annexure XX;
p) Restated Consolidated Statement of Related Party Transactions enclosed as Annexure XXI;
q) Capitalisation Statement, as appearing in Annexure XXII; and
r) Restated Consolidated Statement of Accounting Ratios, enclosed as Annexure XXIII.

10. In our opinion, the financial information as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, have been prepared in accordance with the relevant provisions of the Act and the Regulations.

11. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: January 19, 2016

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE I- RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Annexures | As at | | | | |
|---|---|---|---|---|---|---|---|
| | | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **A** | **Equity and liabilities** | | | | | | |
| | **Share holders' funds** | | | | | | |
| | (a) Share capital | | 610.70 | 610.70 | 610.70 | 76.34 | 76.34 |
| | (b) Reserves and surplus | **VI** | 2,947.28 | 2,703.73 | 2,712.91 | 2,773.46 | 2,026.91 |
| | **Total of shareholders' funds** | | **3,557.98** | **3,314.43** | **3,323.61** | **2,849.80** | **2,103.25** |
| B | **Non-current liabilities** | | | | | | |
| | (a) Deferred tax liabilities (net) | **VII** | - | - | - | 5.15 | 0.53 |
| | (b) Long term provisions | **VIII** | - | - | - | - | 3.56 |
| | **Total of non-current liabilities** | | **-** | **-** | **-** | **5.15** | **4.09** |
| **C** | **Current liabilities** | | | | | | |
| | (a) Trade payables (Total outstanding dues of creditors other than micro enterprises and small enterprises) | **IX** | 340.03 | 373.63 | 290.76 | 207.45 | 142.53 |
| | (b) Other current liabilities | **IX** | 95.21 | 74.96 | 52.67 | 42.95 | 25.85 |
| | (c) Short-term provisions | **VIII** | 34.98 | 516.69 | 129.82 | 35.48 | 20.14 |
| | **Total of current liabilities** | | **470.22** | **965.28** | **473.25** | **285.88** | **188.52** |
| | **Total of A + B + C** | | **4,028.20** | **4,279.71** | **3,796.86** | **3,140.83** | **2,295.86** |
| **D** | **Assets** | | | | | | |
| | **Non-current assets** | | | | | | |
| | (a) Fixed assets | | | | | | |
| | -Tangible assets | | 1,389.37 | 1,001.95 | 632.81 | 314.02 | 179.61 |
| | -Intangible assets | | 106.00 | 108.54 | 185.08 | 69.90 | 8.97 |
| | -Capital work in progress | | 493.23 | 737.55 | 554.27 | 289.87 | 238.33 |
| | | | **1,988.60** | **1,848.04** | **1,372.16** | **673.79** | **426.91** |
| | (b) Non-current investments | **X** | 4.15 | 4.15 | - | - | - |
| | (c) Deferred tax assets (net) | **VII** | 53.01 | 48.50 | 39.28 | - | - |
| | (d) Long-term loans and advances | **XI** | 148.63 | 172.31 | 155.87 | 106.22 | 90.49 |
| | (e) Other non-current assets | **XI** | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 |
| | **Total non-current assets** | | **2,195.57** | **2,074.24** | **1,567.71** | **781.22** | **517.83** |
| **E** | **Current assets** | | | | | | |
| | (a) Current investments | **XII** | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 |
| | (b) Inventories | | 69.12 | 78.42 | 62.28 | 22.76 | 6.08 |
| | (c) Trade receivables | **XIII** | 575.42 | 647.56 | 693.60 | 773.00 | 656.83 |
| | (d) Cash and bank balances | | 105.21 | 126.40 | 95.43 | 103.47 | 75.49 |
| | (e) Short-term loans and advances | **XIV** | 83.57 | 55.40 | 62.45 | 65.64 | 36.71 |
| | (f) Other current assets | **XIV** | 39.82 | 1.61 | 1.63 | 0.97 | 1.58 |
| | **Total current assets** | | **1,832.63** | **2,205.47** | **2,229.15** | **2,359.61** | **1,778.03** |
| | **Total of D+E** | | **4,028.20** | **4,279.71** | **3,796.86** | **3,140.83** | **2,295.86** |

**Note:**

1) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE II- RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Annexures | Six months ended | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Income:** | | | | | | |
| Revenue from operations (gross) | **XV** | | | | | |
| Sale of manufactured products | | 19.24 | 25.89 | 20.01 | 2.98 | - |
| Sale of traded goods | | 1,462.33 | 2,832.62 | 2,407.92 | 2,046.26 | 1,789.85 |
| Sale of services | | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 |
| **Revenue from operations (gross)** | | **1,481.84** | **2,861.15** | **2,428.39** | **2,050.13** | **1,790.65** |
| Less - excise duty | | - | - | 0.01 | 0.08 | 0.88 |
| **Revenue from operations (net)** | | **1,481.84** | **2,861.15** | **2,428.38** | **2,050.05** | **1,789.77** |
| Other income | **XVI** | 40.90 | 82.22 | 97.93 | 97.50 | 56.80 |
| **Total revenue** | | **1,522.74** | **2,943.37** | **2,526.31** | **2,147.55** | **1,846.57** |
| **Expenses:** | | | | | | |
| Raw materials consumed | **XVII(a)** | 15.12 | 21.81 | 6.61 | 1.51 | 85.12 |
| Purchase of security software products | **XVII(b)** | 51.94 | 149.04 | 123.40 | 106.26 | - |
| (Increase)/decrease in security software products | **XVII(c)** | 8.83 | (13.07) | (20.28) | (12.58) | - |
| Employee benefits expense | **XVIII** | 417.12 | 641.10 | 434.07 | 285.57 | 206.76 |
| Operation and other expenses | **XIX** | 548.84 | 1,144.24 | 840.80 | 617.68 | 541.23 |
| Depreciation and amortisation expense | | 113.53 | 202.00 | 108.15 | 44.39 | 21.31 |
| **Total expenses** | | **1,155.38** | **2,145.12** | **1,492.75** | **1,042.83** | **854.42** |
| **Restated profit before tax and exceptional items** | | **367.36** | **798.25** | **1,033.56** | **1,104.72** | **992.15** |
| Exceptional items | **V(3)** | - | - | 173.28 | - | - |
| **Restated profit before tax and after exceptional item** | | **367.36** | **798.25** | **860.28** | **1,104.72** | **992.15** |
| **Tax expense:** | | | | | | |
| Current tax | | 129.62 | 269.44 | 320.89 | 331.11 | 310.93 |
| Deferred tax (credit)/charge | | (4.50) | (9.23) | (44.43) | 4.62 | (0.53) |
| **Total tax expense** | | **125.12** | **260.21** | **276.46** | **335.73** | **310.40** |
| **Restated profit for the period/ year** | | **242.24** | **538.04** | **583.82** | **768.99** | **681.75** |
| **Attributable to:** | | | | | | |
| Equity shareholders of the parent | | **242.24** | **538.04** | **583.82** | **768.99** | **681.75** |

**Note:**

1) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE III- RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| | **Profit before tax and after exceptional items (as restated)** | **367.36** | **798.25** | **860.28** | **1,104.72** | **992.15** |
| | Adjustment to reconcile profit before tax to net cash flows | | | | | |
| | Exceptional items | - | - | 173.28 | - | - |
| | Depreciation and amortization expense | 113.53 | 202.00 | 108.15 | 44.39 | 21.31 |
| | Interest income | (0.95) | (3.79) | (4.39) | (4.95) | (6.11) |
| | Provision for doubtful debts and advances | 3.36 | 15.14 | 17.21 | 12.73 | 3.47 |
| | Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 |
| | Fixed assets write off | - | 0.08 | 0.12 | 0.22 | 0.20 |
| | (Profit) / loss on sale of fixed assets | - | (0.57) | 0.03 | (0.01) | - |
| | Employee stock compensation expense | 0.82 | 1.28 | 0.10 | - | - |
| | Dividend income | (28.84) | (63.62) | (75.57) | (69.92) | (47.40) |
| | Unrealized foreign exchange (gain)/loss | 0.50 | 1.65 | 0.57 | (0.11) | - |
| | Deposits written off | - | - | - | 0.04 | - |
| | Net gain on sale of investment | (7.35) | (13.73) | (16.92) | (14.82) | (0.04) |
| | **Operating profit before working capital changes** | **448.48** | **939.69** | **1,062.86** | **1,075.88** | **965.98** |
| | Movements in working capital : | | | | | |
| | (Increase)/decrease in trade receivable | 68.73 | 27.15 | (111.10) | (132.51) | (185.70) |
| | (Increase)/decrease in inventories | 9.31 | (16.14) | (39.53) | (16.68) | (6.08) |
| | (Increase)/decrease in short term loans and advances | (28.17) | 7.07 | 3.17 | (28.92) | (6.97) |
| | (Increase)/decrease in long term loans and advances | 0.11 | (0.22) | 0.75 | (0.68) | 0.38 |
| | (Increase)/decrease in other current assets | (38.12) | 0.12 | (1.56) | (0.02) | - |
| | Increase/(decrease) in long term provisions | - | - | - | (3.56) | 2.00 |
| | Increase/(decrease) in short term provisions | 3.40 | 12.41 | 6.02 | 6.29 | 3.76 |
| | Increase/(decrease) in trade payables | (33.61) | 82.86 | 83.31 | 64.95 | (6.71) |
| | Increase/(decrease) in other current liabilities | 9.02 | 16.44 | 9.85 | 11.78 | 8.99 |
| | **Cash generated from operations** | **439.15** | **1,069.38** | **1,013.77** | **976.53** | **775.65** |
| | Direct taxes paid (net of refunds) | (98.03) | (297.33) | (406.75) | (299.92) | (287.07) |
| | **Net cash flow from operating activities (A)** | **341.12** | **772.05** | **607.02** | **676.61** | **488.58** |
| **B** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| | Purchase of tangible and intangible assets (including capital work-in-progress and capital advances) | (250.94) | (660.98) | (772.01) | (332.56) | (85.30) |
| | Proceeds from sale of tangible and intangible assets | 0.04 | 1.13 | 0.67 | 0.15 | - |
| | Investments in non-current investments | - | (4.15) | - | - | - |

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| | Purchase of current investment | (1,035.06) | (167.79) | (3,732.61) | (3,046.70) | (3,743.90) |
| | Sale of current investments | 1,379.00 | 199.21 | 3,829.54 | 2,669.08 | 3,229.62 |
| | Maturity of bank deposits(having original maturity of more than three months) | (0.03) | 39.96 | (0.76) | 8.89 | 22.26 |
| | Interest received | 0.86 | 3.69 | 4.91 | 5.95 | 4.55 |
| | Dividends received | 28.84 | 63.62 | 75.95 | 69.55 | 47.40 |
| | **Net cash generated from/ (used in) investing activities (B)** | **122.71** | **(525.31)** | **(594.31)** | **(625.64)** | **(525.37)** |
| **C** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| | Dividend paid on equity shares | (403.06) | (149.55) | (19.08) | (11.45) | - |
| | Tax on equity dividend paid | (82.05) | (25.42) | (3.24) | (1.86) | - |
| | **Net cash (used in) / generated from financing activities (C)** | **(485.11)** | **(174.97)** | **(22.32)** | **(13.31)** | **-** |
| **D** | **Net increase / (decrease) in cash and cash equivalents (A + B + C)** | **(21.28)** | **71.77** | **(9.61)** | **37.66** | **(36.79)** |
| **E** | Effect of exchange differences on cash and cash equivalents held in foreign currency | | **-** | **(0.01)** | **-** | **-** |
| **F** | Cash and cash equivalents at the beginning of the period/ year | **125.05** | **53.28** | **62.90** | **25.24** | **62.03** |
| **G** | **Cash and cash equivalents at the end of the year (D + E + F)** | **103.77** | **125.05** | **53.28** | **62.90** | **25.24** |

| Components of cash and cash equivalents | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Cash on hand | 1.78 | 1.21 | 0.64 | 1.52 | 0.94 |
| Balances with banks: | | | | | |
| -Current accounts | 101.83 | 123.47 | 49.66 | 57.50 | 20.43 |
| -EEFC accounts | 0.16 | 0.37 | 2.98 | 3.88 | 3.87 |
| **Total** | **103.77** | **125.05** | **53.28** | **62.90** | **25.24** |

**Notes:**
1) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE IV- NOTES TO RESTATED CONSOLIDATED SUMMARY STATEMENTS**

**ANNEXURE IV - NOTES ON MATERIAL ADJUSTMENTS**

The summary of results of restatements made in the audited financial statements for the respective years and its impact on the profits of the Group is as follows:

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| A | **Net profit as per audited financial statements** | 242.24 | 538.04 | 583.82 | 768.99 | 681.75 |
| B | **Adjustments to net profit as per audited financial statements** | - | - | - | - | - |
| C | **Restated profit (A - B)** | **242.24** | **538.04** | **583.82** | **768.99** | **681.75** |

**Notes:**

1) The above statement should be read with the notes to restated consolidated summary statements of asset and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

2a) **Change in the estimated useful lives of the fixed assets**

During the year ended March 31, 2015, the Holding Company revised the estimated useful life of building, computers, office equipment, electrical installations, furniture and fixture and vehicles, which has resulted in additional charge of depreciation amounting to Rs. 38.30 million in that year. These changes are considered as a change in the estimates and consequently no retrospective adjustments have been made.

2b) **Depreciation on assets costing less than Rs. 5,000**

Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Holding Company was charging 100% depreciation on the assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year does not recognize such practices. Hence to comply with the requirement of Schedule II to the Companies Act 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000. As per revised policy, the Holding Company is depreciating such assets over their useful life as estimated by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014. The change in accounting policy for depreciation of assets costing less than Rs. 5,000, did not have any material impact on restated consolidated summary statement of the Group for the year ended March 31, 2015.

3) **Non-adjusting items**

(i) The Company's current auditor report dated January 04, 2016 on the audited interim condensed consolidated financial statements as at and for the six months period ended September 30, 2015 included, an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

We draw attention to note 25(i) to the interim condensed consolidated financial statements, wherein it is stated that the Holding Company had received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Holding Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

[The note reference given above, is included as note 3(iii) in the Annexure IV to the Restated Consolidated Summary Statements in Notes to Restated Consolidated Summary Statement.]

There are no qualifications in the auditors' reports on the Consolidated Financial Statements of the Group as at and for the period ended September 30, 2015 which require any adjustments to the Restated Consolidated Summary Statements.

(ii) The Company's previous auditor report dated September 24, 2015 on the audited consolidated financial statements as at and for the year ended March 31, 2015 included, an emphasis of matter, which do not require any corrective adjustment in the financial information, is as follows:

We draw attention to note 31(i) to the consolidated condensed financial statements, wherein it is stated that the Holding Company had received a show cause notice cum demand order of Service Tax under the provision of Finance Act, 1994 for Rs. 627.31 million and as more fully discussed therein and based on the matters stated therein including legal opinion obtained by the Holding Company, no provision has been considered necessary by the management in these financial statements. Our opinion is not qualified in respect of this matter.

[The note reference given above, is included as note 3(iii) in the Annexure IV to the Restated Consolidated Summary Statements in Notes to Restated Consolidated Summary Statement.]

There are no qualifications in the auditors' reports on the Consolidated Financial Statements of the Group as at and for each of the years ended March 31, 2015, 2014, 2013 and 2012 which require any adjustments to the Restated Consolidated Summary Statements.

(iii) The Holding Company had received show cause notice cum demand order for payment of Service Tax amounting to Rs. 627.31 million on anti-virus software in Compact Disk. The Holding Company had filed the reply against show cause notice with Additional Director General, New Delhi and the Management has 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 has been made in the accounts and the demand has been disclosed as contingent liability in the year.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE V - NOTES TO RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, STATEMENT OF PROFIT AND LOSS AND STATEMENT OF CASH FLOWS**

## 1. Corporate information

Quick Heal Technologies Limited ("the Company') was incorporated as "CAT Computer Services Private Limited" on August 7, 1995, at Pune, Maharashtra as a private limited company under the Companies Act, 1956. The name of the Company was changed from "CAT Computer Services Private Limited" to "Quick Heal Technologies Private Limited" and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Pune, Maharashtra to the Company on August 7, 2007. Thereafter, the Company was converted into a public limited company pursuant to approval of the shareholders in an extraordinary general meeting held on August 28, 2015 and consequently, the name of the Company was changed to "Quick Heal Technologies Limited" and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies Pune, Maharashtra on September 8, 2015. 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.

## 2. Basis of preparation

The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2015, March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012 and the related Restated Consolidated Summary Statement of Profits and Losses and the Restated Consolidated Summary Statement of Cash Flows for the six months ended September 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012 and annexures thereto (herein collectively referred to as 'Restated Consolidated Summary Statements') have been compiled by the management from the then audited Consolidated financial statements of the Company for the six months ended September 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012.

The audited Consolidated financial statements of the Company were prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) at the relevant time. The Company has prepared the audited Consolidated financial statements to comply in all material respects with the accounting standards specified under the Companies Act, 1956 and as per section 133 of the Companies Act, 2013 (read with rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. The audited Consolidated financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the company and, except for changes as detailed in 2.1(c)(iii) in significant accounting policies.

The Restated Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013, as amended read with rules 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended and the relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended from time to time.

## 2.1 Summary of significant accounting policies

### (a) Principles of consolidation

These consolidated financial statements of the Group are 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 for the year ended March 31, 2015, 2014, 2013 and 2012 of Quick Heal

Technologies Inc. have been prepared in accordance with Accounting Principles Generally Accepted in India (Indian GAAP). The financial statements of Quick Heal Technologies Africa Limited and Quick Heal Technologies (MENA) FZE 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. have been prepared in 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 accounting principles generally accepted in India.

The financial statements for the six months ended September 30, 2015 of Quick Heal Technologies Inc., Quick Heal Technologies Africa Limited, Quick Heal Technologies (MENA) FZE and Quick Heal Technologies Japan K.K. have been prepared in accordance with 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 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 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 | Period / year ends on | Country of incorporation | Parent's ultimate holding as on | | | | |
|---|---|---|---|---|---|---|---|
| | | | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Quick Heal Technologies America Inc. | September 30/ March 31 | USA | 100% | 100% | 100% | 100% | 100% |
| Quick Heal Technologies Japan K. | September 30/ March | Japan | 100% | 100% | 100% | 100% | - |

| Name of the subsidiary | Period / year ends on | Country of incorporation | Parent's ultimate holding as on | | | | |
|---|---|---|---|---|---|---|---|
| | | | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| K. | 31 | | | | | | |
| Quick Heal Technologies Africa Limited | September 30/ March 31 | Kenya | 100% | 100% | 100% | - | - |
| Quick Heal Technologies (MENA) FZE | September 30/ March 31 | Dubai | 100% | 100% | 100% | - | - |

All the subsidiaries of the Group are included in these consolidated financial statements. As per the provision of AS21"Consolidated Financial Statements" the Group has not prepared the Consolidated financial statements up to the year ended March 31, 2011 as it has no subsidiaries. Accordingly, March 31, 2011 figures are not presented with respect to the Group in this statement.

**Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:**

**Share in net assets:**

| Name of the company | As at September 30, 2015 | |
|---|---|---|
| | As a % of consolidated net assets | Net assets (INR in millions) |
| **Holding Company** | | |
| Quick Heal Technologies Limited | 100.71% | 3,583.16 |
| **Foreign Subsidiaries** | | |
| Quick Heal Technologies America Inc. | (0.35%) | (12.62) |
| Quick Heal Technologies Japan K. K. | (0.76%) | (26.95) |
| Quick Heal Technologies Africa Limited | 0.21% | 7.59 |
| Quick Heal Technologies (MENA) FZE | 0.19% | 6.80 |
| **Total** | **100%** | **3,557.98** |

| Name of the company | As at March 31, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|
| | As a % of consolidated net assets | Net assets (INR in millions) | As a % of consolidated net assets | Net assets (INR in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.46% | 3,329.77 | 100.40% | 3,336.99 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | (0.02%) | (0.64) | 0.05% | 1.57 |
| Quick Heal Technologies Japan K. K. | (0.64%) | (21.45) | (0.46%) | (15.32) |
| Quick Heal Technologies Africa Limited | 0.12% | 4.13 | 0.02% | 0.82 |
| Quick Heal Technologies (MENA) FZE | 0.08% | 2.62 | (0.01%) | (0.45) |
| **Total** | **100%** | **3,314.43** | **100%** | **3,323.61** |

| Name of the company | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | As a % of consolidated net assets | Net assets (INR in millions) | As a % of consolidated net assets | Net assets (INR in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.20% | 2,855.51 | 100.01% | 2,103.45 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | 0.00% | 0.11 | (0.01%) | (0.20) |

| | | | | |
|---|---|---|---|---|
| Quick Heal Technologies Japan K. K. | (0.20%) | (5.82) | - | - |
| **Total** | **100%** | **2,849.80** | **100%** | **2,103.25** |

**Share in profit and loss:**

| Name of the company | For the period ended September 30, 2015 | |
|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) |
| **Holding Company** | | |
| Quick Heal Technologies Limited | 104.27% | 252.59 |
| **Foreign Subsidiaries** | | |
| Quick Heal Technologies America Inc. | (4.74%) | (11.49) |
| Quick Heal Technologies Japan K. K. | (1.28%) | (3.09) |
| Quick Heal Technologies Africa Limited | 1.57% | 3.80 |
| Quick Heal Technologies (MENA) FZE | 0.18% | 0.43 |
| **Total** | **100%** | **242.24** |

| Name of the company | For the year ended March 31, 2015 | | For the year ended March 31, 2014 | |
|---|---|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.53% | 540.89 | 101.41% | 592.05 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | (0.40%) | (2.15) | 0.28% | 1.62 |
| Quick Heal Technologies Japan K. K. | (1.29%) | (6.97) | (1.73%) | (10.09) |
| Quick Heal Technologies Africa Limited | 0.63% | 3.39 | 0.09% | 0.54 |
| Quick Heal Technologies (MENA) FZE | 0.53% | 2.88 | (0.05%) | (0.30) |
| **Total** | **100%** | **538.04** | **100%** | **583.82** |

| Name of the company | For the year ended March 31, 2013 | | For the year ended March 31, 2012 | |
|---|---|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.70% | 774.37 | 100.03% | 681.95 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | 0.01% | 0.05 | (0.03%) | (0.20) |
| Quick Heal Technologies Japan K. K. | (0.71%) | (5.43) | - | - |
| Quick Heal Technologies Africa Limited | - | - | - | - |
| Quick Heal Technologies (MENA) FZE | - | - | - | - |
| **Total** | **100%** | **768.99** | **100%** | **681.75** |

**(b) Use of estimates**

The preparation of consolidated financial statements 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 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. 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 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 Statement of Profit and Loss when the asset is derecognized.

**(d) Depreciation on tangible fixed assets**

**In the case of Holding Company:**

**a) Depreciation on fixed assets**

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirement concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

**b) Useful lives / depreciation rates**

Till the year ended March 31, 2014, the depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rate were justified the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful life for fixed assets which in many cases are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that the rates as prescribed under Schedule II reflect its estimate of useful lives and residual values of fixed assets. Hence the Company has aligned the estimated useful life and residual values with the lives prescribed under Schedule II. The Company has used the transitional provision of Schedule II to adjust the impact of change in the useful lives arising on its first application in the statement of profit and loss. Had the Company continued its earlier policy of depreciating the fixed assets, the profit for the year ended March 31, 2015 would have been higher by Rs. 38.30 million and fixed assets would correspondingly been higher by Rs. 38.30 million.

**c) Depreciation on assets costing less than Rs. 5,000**

Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on the assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year does not recognize such practices. Hence to comply with the requirement of Schedule II to the Companies Act 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000. As per revised policy, the Company is depreciating such assets over their useful life as estimated by the management. The management has decided to apply the revised accounting policy prospectively

from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than Rs. 5,000, did not have any material impact on consolidated financial statement of the Group for the year ended March 31, 2015.

**In the case of Group:**

Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management supported by technical evaluation. The Group has used the following lives to provide depreciation on its fixed assets.

*(Life in years)*

| Type of assets | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|---|---|---|---|---|
| Buildings | 60 | 60 | 61 | 61 | 61 |
| Computers | 3 | 3 | 6 | 6 | 6 |
| Electrical Installations | 10 | 10 | 12 | 12 | 12 |
| Furniture and Fixtures | 10-18 | 10-18 | 16-18 | 16 | 16 |
| Office equipments | 5-15 | 5-15 | 15-21 | 21 | 21 |
| Servers | 6 | 6 | 3 | 3 | 3 |
| Vehicle | 8 | 8 | 11 | 11 | 11 |

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. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for intended use.

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. Such 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".

| Type of asset | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|---|---|---|---|---|
| Computer software | 3 | 3 | 3 | 3 | 3 |

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 disposed.

**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
- 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.

**e) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each Balance Sheet if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Group makes a reasonable estimate of value in use.

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.

**f) 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.

**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 consolidated statement of profit and loss.

**h) 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 included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

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

**i) 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 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 software 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.

**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.

**(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.

**k) Retirement and other employee benefits**

**In case of Holding Company:**

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 consolidated 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 consolidated 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 Subsidiary:**

Retirement benefit in the form of provident fund and National Social Security Fund (NSSF - Kenya) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and NSSF - Kenya. The Group recognizes contribution payable to the provident fund scheme and 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.

**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 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. MAT credit available is recognized 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.

**m) Employee stock compensation cost**

Employees of the Group 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 *Guidance Note on Accounting for Employee Share-based Payments* issued by Institute of Chartered Accountants of India (ICAI), the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. 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 consolidated statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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 increase the total intrinsic value of the share-based payment transaction, or 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.

**n) 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 areas of the Group 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 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.

**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 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 financial statements.

**r) Cash and cash equivalents**

Cash and cash equivalents for the purpose of Restated Consolidated Summary Statement of Cash Flows comprise cash at bank and in hand and short term investment with an original maturity period of three months or less.

**3. Exceptional items**

i. In 2014, the Management noted that an employee of the Holding Company used his area of influence to approve sales invoices with differential pricing terms amounting to Rs. 11.43 million to certain companies formed by him and his relatives and trade receivables amounting to Rs.18.37 million with respect to such companies were outstanding (and provided for) as at the year ended March 31, 2014. On completion of internal investigation by the Holding Company, the employee was dismissed and appropriate legal action was initiated by the management. Further, the Holding Company has filed a legal claim amounting to Rs. 50.00 million for losses including breach of trust and loss of goodwill. Further the amount of Rs. 9.49 million were provided in the financial statements for the year ended March 31, 2014 which was disclosed as an exceptional item.

ii. During the year ended March 31, 2014, one of the distributors of the Holding Company had defaulted in making payments and the Holding Company had initiated the legal proceeding. The Holding Company had provided Rs. 163.79 million during the year ended March 31, 2014 which was disclosed as an exceptional item.

**4. Other information**

**A. Capital commitments**

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Capital commitments (net of advances and deposits) | 72.35 | 201.58 | 61.74 | 99.08 | 18.76 |
| **Total** | **72.35** | **201.58** | **61.74** | **99.08** | **18.76** |

**B. Segment information**

**a) Details of segment revenue**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Within India | 1442.49 | 2,784.18 | 2,371.02 | 2,005.61 | 1,758.96 |
| Outside India | 39.35 | 76.97 | 57.36 | 44.44 | 30.81 |
| **Total** | **1,481.84** | **2,861.15** | **2,428.38** | **2,050.05** | **1,789.77** |

**b) Details of carrying amount of segment assets by geographical locations**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Within India | 3,950.25 | 4,186.40 | 3,751.19 | 3,114.18 | 2,284.62 |
| Outside India | 77.95 | 93.31 | 45.67 | 26.65 | 11.24 |
| **Total** | **4,028.20** | **4,279.71** | **3,796.86** | **3,140.83** | **2,295.86** |

**Notes:**

1) The Group is engaged in providing Security Software Products. 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.

2) Secondary segment reporting is performed on basis of location of assets including customers. The Group has identified "Within India" and "Outside India" as two geographical segments for secondary segment reporting.

3) Trade receivables are identified based on location of the customers and other assets used in Group's business are identified "Within India" and "Outside India" as two geographical segments for secondary segment reporting.

4) The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities and profits and losses of the Group.

5) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

6) The Group does not maintain country wise details of segment results and capital employed and hence the details of segment results and capital employed on geographical basis has not been disclosed above.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VI - RESTATED CONSOLIDATED STATEMENT OF RESERVES AND SURPLUS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Securities premium account** | | | | | |
| Balance as per the last consolidated financial statements | - | - | 350.73 | 350.73 | 349.68 |
| Add : Additions during the period/ year | - | - | - | - | 1.05 |
| Less: Amount utilized towards issue of fully paid bonus shares | - | - | 350.73 | - | - |
| **Closing balance** | **-** | **-** | **-** | **350.73** | **350.73** |
| **Employees share options outstanding account** | | | | | |
| Balance as per the last consolidated financial statements | 1.38 | 0.10 | - | - | - |
| Add: Additions during the period/ year | 0.82 | 1.28 | 0.10 | - | - |
| **Closing balance** | **2.20** | **1.38** | **0.10** | **-** | **-** |
| **Amalgamation reserve** | | | | | |
| Balance as per the last consolidated financial statements | 26.45 | 26.45 | 26.45 | 26.45 | 26.45 |
| Add: Additions during the period/ year | - | - | - | - | - |
| **Closing balance** | **26.45** | **26.45** | **26.45** | **26.45** | **26.45** |
| **General reserve** | | | | | |
| Balance as per the last consolidated financial statements | 450.26 | 450.26 | 388.71 | 311.17 | 277.07 |
| Add: Amount transferred from surplus balance in the Consolidated Statement of Profit and Loss | - | - | 61.55 | 77.54 | 34.10 |
| **Closing balance** | **450.26** | **450.26** | **450.26** | **388.71** | **311.17** |
| **Foreign currency translation reserve** | | | | | |
| Balance as per the last consolidated financial statements | **1.33** | 0.43 | (0.12) | - | - |
| Movement during the year | 0.50 | 0.90 | 0.55 | (0.12) | - |
| **Closing balance** | **1.83** | **1.33** | **0.43** | **(0.12)** | **-** |
| **Surplus in the consolidated statement of profit and loss** | | | | | |
| Balance as per the last consolidated financial statements | 2,224.31 | 2,235.68 | 2,007.69 | 1,338.56 | 704.22 |
| Add: Profit for the period/ year | 242.24 | 538.04 | 583.82 | 768.99 | 681.75 |
| Less: Appropriations | | | | | |
| Interim dividend | | 458.02 | 94.58 | 19.08 | 11.45 |
| Amount utilised towards issue of fully paid bonus shares | | - | 183.63 | - | - |
| Tax on dividend | | 91.39 | 16.07 | 3.24 | 1.86 |
| Transfer to general reserve | | - | 61.55 | 77.54 | 34.10 |
| **Net surplus in the consolidated statement of profit and loss** | **2,466.55** | **2,224.31** | **2,235.68** | **2,007.69** | **1,338.56** |
| **Total** | **2,947.28** | **2,703.73** | **2,712.91** | **2,773.46** | **2,026.91** |

**Notes:**

1) During the year ended March 31, 2011 and March 31, 2014, the board of directors approved the Employee Stock Option Scheme, an equity settled share based payment plan, for issue of stock options to the employees and directors of the Holding Company. According to the plan, the employees selected were entitled to the

options. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years from date of listing or date of vesting whichever is later.
The other relevant terms of the grant were:

| Particulars | As at September 30, 2015 | |
|---|---|---|
| | ESOP 2014 | ESOP 2010 |
| Date of share holders approval | February 6, 2014 | June 6, 2010 |
| Number of options granted during the year (net of forfeitures) | 1,677,226 | 172,650 |
| Outstanding at the end of the year | 1,677,226 | 172,650 |
| Exercisable at the end of the year | - | - |
| Exercise price per option (Weighted average) | 60.08 | 60.08 |
| Method of settlement | Equity | Equity |

The options are vested in the period of 4 years as per graded vesting specified in the plans and should be exercised within 5 years from date of listing or date of vesting whichever is later. The expense recognised in respect of Employee Stock Option Scheme for the half year ended September 30, 2015 is Rs. 0.82 million (March 31, 2015: Rs. 1.28 million, March 31, 2014: Rs. 0.10 million, March 31, 2013: Rs. Nil, March 31, 2012: Rs. Nil).

2) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

3) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

4) Subsequent to the year ended March 31, 2015, the board of director of the Company had in the Extra Ordinary General Meeting held on September 14, 2015, pursuant to the ESOP scheme "ESOP 2014" increased the total number of stock options to be granted to the eligible employees of the Company by 400,000 options exercisable into 400,000 equity shares, on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities.

The board of the directors of the Company have approved the grant of 164,500 stock options to the eligible employees on September 24, 2015 at exercise price of Rs. 115/- per option.

Further, the Board of Directors of the Company have approved the grant of 27,000 and 3,500 stock options to the eligible employees on November 25, 2015 and December 23, 2015 respectively at an exercise price of Rs. 119/- per share.

5) Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Company, has been merged with the Company with effect from April 1, 2010, the Appointed Date. The Company completed the process of Amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, amount of Rs. 26.45 million was recorded as amalgamation reserve.

The assets and liabilities, rights and obligation of erstwhile CLPL have been vested with the Company effective April 1, 2010. The Scheme has, accordingly, been given effect to in these accounts. The amalgamation has been accounted for under the "Pooling of Interests" as prescribed under "Accounting Standard (AS) 14 – Accounting for Amalgamations" issued by the Institute of Chartered Accountant of India as per Scheme of Amalgamation. Accordingly, the assets and liabilities of erstwhile CLPL as at April 1, 2010 have been taken over at book value.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VII- RESTATED CONSOLIDATED STATEMENT OF DEFERRED TAX**

***(All amounts are in INR million unless otherwise stated)***

| Particulars | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
|---|---|---|---|---|---|
| **Deferred tax liability** | | | | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 41.82 | 38.36 | 42.01 | 18.51 | 6.75 |
| **Gross deferred tax liability** | **41.82** | **38.36** | **42.01** | **18.51** | **6.75** |
| **Deferred tax asset** | | | | | |
| Impact of expenditure charged to the consolidated statement of profit and loss in the current period/ year but allowed for tax purposes on payment basis | 13.97 | 12.84 | 9.00 | 5.82 | 3.08 |
| Deferred revenue | 4.33 | | | | |
| Provision for doubtful debts | 76.53 | 74.02 | 72.29 | 7.54 | 3.14 |
| **Gross deferred tax asset** | **94.83** | **86.86** | **81.29** | **13.36** | **6.22** |
| **Net deferred tax assets/(liabilities)** | **53.01** | **48.50** | **39.28** | **(5.15)** | **(0.53)** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE VIII - RESTATED CONSOLIDATED STATEMENT OF LONG TERM AND SHORT TERM PROVISIONS**

**A) Long term provisions**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Provision for employee benefits** | | | | | |
| Provision for gratuity | - | - | - | - | 3.56 |
| **Total** | **-** | **-** | **-** | **-** | **3.56** |

**B) Short term provisions**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Provision for employee benefits** | | | | | |
| Provision for gratuity | 19.82 | 16.69 | 7.81 | 5.79 | 1.07 |
| Provision for leave benefits | 15.08 | 14.81 | 11.32 | 7.34 | 5.72 |
| **Other provisions** | | | | | |
| Provision for wealth tax | 0.08 | 0.08 | 0.04 | 0.03 | 0.04 |
| Proposed equity dividend | - | 403.06 | 94.58 | 19.08 | 11.45 |
| Provision for tax on proposed equity dividend | - | 82.05 | 16.07 | 3.24 | 1.86 |
| **Total** | **34.98** | **516.69** | **129.82** | **35.48** | **20.14** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE IX - RESTATED CONSOLIDATED STATEMENT OF TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Trade payables (Note 3)** | | | | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 340.03 | 373.63 | 290.76 | 207.45 | 142.53 |
| | **340.03** | **373.63** | **290.76** | **207.45** | **142.53** |
| **Other current liabilities** | | | | | |
| Payables for purchases of fixed assets | 22.68 | 11.45 | 5.59 | 5.73 | 0.40 |
| Advance from customers | 8.43 | 3.54 | 4.60 | 2.57 | 2.13 |
| TDS payable | 10.09 | 30.47 | 24.23 | 12.83 | 6.38 |
| Sales tax payable | 25.19 | 25.34 | 15.98 | 19.97 | 15.95 |
| Deferred revenue | 12.50 | - | - | - | - |
| Other liabilities | 16.32 | 4.16 | 2.27 | 1.85 | 0.99 |
| | **95.21** | **74.96** | **52.67** | **42.95** | **25.85** |
| **Total** | **435.24** | **448.59** | **343.43** | **250.40** | **168.38** |

**Notes:**
1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) Following are the amounts due to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/ Entities having significant influence/Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Expenses payables** | | | | | |
| Anupama Katkar | 0.04 | 0.02 | - | - | 0.01 |
| Chhaya Katkar | 0.04 | 0.02 | - | - | 0.01 |
| Kailash Sahebrao Katkar HUF | 0.11 | 0.06 | - | 0.02 | 0.02 |
| Sanjay Sahebrao Katkar HUF | 0.30 | 0.06 | - | 0.02 | 0.02 |
| | **0.49** | **0.16** | **-** | **0.04** | **0.06** |
| **Employee benefits payable** | | | | | |
| Kailash Katkar | - | 1.45 | 0.49 | 0.59 | - |
| Sanjay Katkar | 0.59 | 1.45 | 0.49 | 0.59 | - |
| Abhijit Jorvekar | 0.31 | 0.31 | 0.39 | 0.37 | - |
| Anupama Katkar | | 0.39 | 0.12 | 0.12 | - |
| Rajesh Ghonasgi | 0.48 | 0.45 | 0.57 | - | - |
| Vijay Shirode | | 0.07 | 0.06 | - | - |
| | **1.38** | **4.12** | **2.12** | **1.67** | **-** |
| **Total** | **1.87** | **4.28** | **2.12** | **1.71** | **0.06** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE X- RESTATED CONSOLIDATED STATEMENT OF NON-CURRENT INVESTMENTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Trade investments (valued at cost unless stated otherwise)** | | | | | |
| **Unquoted equity instruments** | - | - | - | - | - |
| **Investment in others** | | | | | |
| 15,162 (March 31, 2015: 15,162, March 31, 2014: Nil, March 31, 2013: Nil, March 31, 2012: Nil) equity share of Rs.10 each fully paid-up share of Wegilant Net Solutions Private Limited. | 4.15 | 4.15 | | | |
| **Total** | **4.15** | **4.15** | **-** | **-** | **-** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XI - RESTATED CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES AND OTHER NON-CURRENT ASSETS**

**A) Long term loans and advances**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Capital advances** | | | | | |
| Unsecured, considered good | 11.47 | 3.43 | 15.11 | 50.58 | 4.31 |
| | **11.47** | **3.43** | **15.11** | **50.58** | **4.31** |
| **Advances recoverable in cash or kind** | | | | | |
| Unsecured, considered good | 0.10 | 0.22 | - | - | - |
| | **0.10** | **0.22** | **-** | **-** | **-** |
| **Other loans and advances** | | | | | |
| **Unsecured, considered good** | | | | | |
| Advance income tax (net of provision for tax) | 137.06 | 168.66 | 140.76 | 54.89 | 86.11 |
| Loan to employees | - | - | - | 0.75 | 0.07 |
| | **137.06** | **168.66** | **140.76** | **55.64** | **86.18** |
| **Total** | **148.63** | **172.31** | **155.87** | **106.22** | **90.49** |

**B) Other non-current assets**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Unsecured, considered good** | | | | | |
| Non-current bank balances | 1.18 | 1.24 | 0.40 | 1.21 | 0.43 |
| **Total** | **1.18** | **1.24** | **0.40** | **1.21** | **0.43** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XII- RESTATED CONSOLIDATED STATEMENT OF CURRENT INVESTMENTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Non trade (valued at lower of cost and fair value unless stated otherwise)** | | | | | |
| Investment in mutual funds (quoted) | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 |
| | **959.49** | **1,296.08** | **1,313.76** | **1,393.77** | **1,001.34** |
| Aggregate amount of quoted investments | 959.49 | 1,296.08 | 1,313.76 | 1,393.77 | 1,001.34 |
| **Total** | **959.49** | **1,296.08** | **1,313.76** | **1,393.77** | **1,001.34** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIII - RESTATED CONSOLIDATED STATEMENT OF CURRENT TRADE RECEIVABLES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | | | | |
| Unsecured, considered good | 66.74 | 60.63 | 25.58 | 1.67 | 13.07 |
| Considered doubtful | 214.76 | 214.80 | 135.97 | 22.17 | 9.44 |
| | **281.50** | **275.43** | **161.55** | **23.84** | **22.51** |
| Less: Provision for doubtful receivables | 214.76 | 214.80 | 135.97 | 22.17 | 9.44 |
| | **66.74** | **60.63** | **25.58** | **1.67** | **13.07** |
| **Other receivables (less than six months)** | | | | | |
| Unsecured, considered good | 508.68 | 586.93 | 668.02 | 771.33 | 643.76 |
| Considered doubtful | - | - | 70.31 | - | - |
| | **508.68** | **586.93** | **738.33** | **771.33** | **643.76** |
| Less: Provision for doubtful receivables | - | - | 70.31 | - | - |
| | **508.68** | **586.93** | **668.02** | **771.33** | **643.76** |
| **Total** | **575.42** | **647.56** | **693.60** | **773.00** | **656.83** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIV - RESTATED CONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES AND OTHER CURRENT ASSETS**

**A) Short term loans and advances**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Security deposits** | | | | | |
| Unsecured, considered good | 11.15 | 9.73 | 7.72 | 4.59 | 4.73 |
| | **11.15** | **9.73** | **7.72** | **4.59** | **4.73** |
| **Advances recoverable in cash or kind** | | | | | |
| Unsecured, considered good | 21.94 | 2.21 | 2.16 | 0.92 | 0.10 |
| | **21.94** | **2.21** | **2.16** | **0.92** | **0.10** |
| **Other loans and advances** | | | | | |
| Unsecured, considered good | | | | | |
| Prepaid expenses | 21.70 | 25.03 | 38.30 | 9.76 | 10.67 |
| Balances with customs and excise and other authorities | 0.73 | 2.84 | 2.99 | 0.22 | 0.37 |
| Advance to suppliers | 25.11 | 13.85 | 11.10 | 46.99 | 17.99 |
| Loan to employees | - | - | - | 2.79 | 2.44 |
| Advance to employees | 2.94 | 1.74 | 0.18 | 0.37 | 0.41 |
| **Unsecured, considered doubtful** | | | | | |
| Advance to suppliers | 6.38 | 6.38 | 6.38 | - | - |
| Provision for doubtful advances | (6.38) | (6.38) | (6.38) | - | - |
| | **50.48** | **43.46** | **52.57** | **60.13** | **31.88** |
| **Total** | **83.57** | **55.40** | **62.45** | **65.64** | **36.71** |

**B) Other current assets**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Unsecured, considered good** | | | | | |
| Interest accrued on fixed deposits | 0.24 | 0.15 | 0.05 | 0.57 | 1.58 |
| Other assets | 1.72 | 1.46 | 1.58 | 0.02 | - |
| Share issue expenses to the extent not written off or adjusted | 37.86 | - | - | - | - |
| Dividend receivable on investments | - | - | - | 0.38 | - |
| **Total** | **39.82** | **1.61** | **1.63** | **0.97** | **1.58** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV and V.

3) Following are the amounts due from Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/Entities having significant influence/Key Managerial Personnel.

4) The Company has so far incurred share issue expenses of Rs. 37,858,670 in connection with proposed public offer of equity share. This amount shall be adjusted against securities premium to the extent permissible under section 52 of the Companies Act, 2013 on successful completion of Initial public offer ("IPO"). In accordance with

the Companies Act 2013 and also as per the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Company will recover the expenses incurred in connection with the Issue on completion of Initial public offer ("IPO"). This amount has been carried forward and disclosed under the head "Other Current Assets" as "Share Issue Expenses (to the extent of not written off or adjusted). The amount which is receivable from the selling shareholders is not disclosed separately as the amount is it not determinable at this stage pending the completion of the book building process".

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Advances given** | | | | | |
| Anupama Katkar | - | - | - | 0.01 | - |
| Chhaya Katkar | - | - | - | 0.01 | - |
| Abhijit Jorvekar | - | 0.19 | 0.45 | 0.70 | - |
| | **-** | **0.19** | **0.45** | **0.72** | **-** |

5) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XV- RESTATED CONSOLIDATED STATEMENT OF REVENUE**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Revenue from operations** | | | | | |
| Sale of manufactured products | 19.24 | 25.89 | 20.01 | 2.98 | - |
| Sale of traded goods | 1,462.33 | 2,832.62 | 2,407.92 | 2,046.26 | 1,789.85 |
| Sale of services | 0.27 | 2.64 | 0.46 | 0.89 | 0.80 |
| **Revenue from operations (gross)** | **1,481.84** | **2,861.15** | **2,428.39** | **2,050.13** | **1,790.65** |
| Less: Excise duty | - | - | 0.01 | 0.08 | 0.88 |
| **Revenue from operations (net)** | **1,481.84** | **2,861.15** | **2,428.38** | **2,050.05** | **1,789.77** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

2) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVI - RESTATED CONSOLIDATED STATEMENT OF OTHER INCOME**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Nature | Related / not related to business activity | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|---|
| | | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Interest income on** | | | | | | | |
| Bank deposits | recurring | not related | 0.13 | 3.58 | 4.08 | 4.62 | 5.88 |
| Income tax refund | non recurring | not related | - | - | - | 5.40 | - |
| Others | recurring | not related | 0.82 | 0.21 | 0.30 | 0.33 | 0.23 |
| Dividend income on current investments | recurring | not related | 28.84 | 63.62 | 75.57 | 69.92 | 47.40 |
| Net gain on sale of investments | non recurring | not related | 7.35 | 13.73 | 16.92 | 14.82 | 0.04 |
| Foreign exchange gains (net) | recurring | related | 2.83 | - | - | - | 2.49 |
| Profit on sale of fixed assets (net) | non recurring | not related | - | 0.57 | - | 0.01 | - |
| Miscellaneous income | non recurring | not related | 0.93 | 0.51 | 1.06 | 2.40 | 0.76 |
| **Total** | | | **40.90** | **82.22** | **97.93** | **97.50** | **56.80** |

**Notes:**

1) The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Group as determined by the management.

2) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

3) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVII- RESTATED CONSOLIDATED STATEMENT OF COST OF SECURITY DEVICES AND SOFTWARE PRODUCTS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **(a) Raw materials consumed** | | | | | |
| Security software devices inventory at the beginning of the period/ year | 32.49 | 29.42 | 10.18 | 6.08 | - |
| Add: Purchases | 14.65 | 24.88 | 25.85 | 5.61 | 91.20 |
| Less: Inventory as at end of the period/ year | 32.02 | 32.49 | 29.42 | 10.18 | 6.08 |
| | **15.12** | **21.81** | **6.61** | **1.51** | **85.12** |
| **(b) Purchase of security software products** | | | | | |
| Purchase of security software products | 51.94 | 149.04 | 123.40 | 106.26 | - |
| | **51.94** | **149.04** | **123.40** | **106.26** | **-** |
| **(c)(Increase)/decrease in security software products** | | | | | |
| Finished goods at the beginning of the period/ year | 45.93 | 32.86 | 12.58 | - | - |
| Less: Finished goods at the end of the period/ year | 37.10 | 45.93 | 32.86 | 12.58 | - |
| | **8.83** | **(13.07)** | **(20.28)** | **(12.58)** | **-** |
| **Total** | **75.89** | **157.78** | **109.73** | **95.19** | **85.12** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

2) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XVIII- RESTATED CONSOLIDATED STATEMENT OF EMPLOYEE BENEFITS**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Salaries, wages and bonus | 384.07 | 584.99 | 404.12 | 267.62 | 188.90 |
| Contribution to provident fund | 12.36 | 16.73 | 8.29 | 5.90 | 4.27 |
| Contribution to other funds | 1.56 | 1.20 | 0.97 | 1.08 | 1.21 |
| Gratuity expenses | 8.11 | 16.98 | 5.49 | 2.05 | 3.07 |
| Staff welfare expenses | 10.20 | 19.92 | 15.10 | 8.92 | 9.31 |
| Employee stock compensation expenses | 0.82 | 1.28 | 0.10 | - | - |
| **Total** | **417.12** | **641.10** | **434.07** | **285.57** | **206.76** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

2) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) Following are the amounts paid to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/Entities having significant influence/Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Remuneration paid (on accrual basis)** | | | | | |
| Kailash Katkar | 5.31 | 10.02 | 8.54 | 7.13 | 6.18 |
| Sanjay Katkar | 5.31 | 10.02 | 8.54 | 7.16 | 6.18 |
| Abhijit Jorvekar | 4.15 | 8.39 | 7.70 | 5.97 | 0.10 |
| Anupama Katkar | 1.38 | 2.55 | 1.85 | 1.38 | 1.20 |
| Rajesh Ghonasgi | 5.63 | 9.34 | 4.41 | - | - |
| Vijay Shirode | 0.50 | 0.92 | 0.43 | - | - |
| **Total** | **22.28** | **41.24** | **31.47** | **21.64** | **13.66** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XIX- RESTATED CONSOLIDATED STATEMENT OF OPERATION AND OTHER EXPENSES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Web publishing expenses | 44.36 | 89.02 | 72.79 | 42.17 | 39.94 |
| Technology subscription charges | 27.13 | 37.23 | 29.67 | 23.69 | 16.25 |
| Fees for technical services | 60.99 | 119.23 | 78.41 | 43.85 | 25.15 |
| Power and fuel | 16.20 | 19.62 | 11.31 | 7.76 | 5.70 |
| Rent | 14.53 | 31.98 | 17.37 | 16.85 | 7.77 |
| Rates and taxes | 3.27 | 11.39 | 8.34 | 21.29 | 24.86 |
| Insurance | 4.37 | 2.61 | 0.44 | 0.27 | 0.17 |
| Repairs and maintenance | | | | | |
| Buildings | 5.53 | 4.99 | 3.35 | 2.91 | 3.72 |
| Others | 9.93 | 11.03 | 4.75 | 1.39 | 2.30 |
| CSR expenditure | 2.44 | 2.43 | - | - | - |
| Sales incentive | 105.37 | 223.67 | 145.84 | 103.85 | 96.99 |
| Director sitting fees | 0.15 | - | - | - | - |
| Business promotion expenses | 54.58 | 134.53 | 109.70 | 70.48 | 53.89 |
| Advertising and sales promotion | 90.20 | 288.09 | 223.10 | 190.28 | 181.94 |
| Freight and forwarding charges | 3.43 | 8.16 | 8.58 | 18.88 | 20.55 |
| Traveling and conveyance | 18.55 | 36.33 | 27.05 | 13.39 | 8.73 |
| Communication costs | 26.55 | 30.09 | 23.10 | 17.06 | 12.44 |
| Office expenses | 27.32 | 29.00 | 15.61 | 6.42 | 4.93 |
| Donations | | | | | |
| Donations others | 0.20 | 0.84 | 1.13 | 5.62 | 3.15 |
| Donation to political parties | - | 2.50 | - | - | - |
| Legal and professional fees | 21.48 | 24.80 | 29.79 | 6.66 | 9.79 |
| Payment to statutory auditor | 2.64 | 3.66 | 1.96 | 1.09 | 0.77 |
| Foreign exchange loss (net) | - | 3.16 | 1.50 | 0.34 | - |
| Fixed assets written off | - | 0.08 | 0.12 | 0.22 | 0.20 |
| Deposits written off | - | - | - | 0.04 | - |
| Provision for doubtful debts and advances | 3.36 | 15.14 | 17.21 | 12.73 | 3.47 |
| Loss on sale of fixed assets (net) | - | - | 0.03 | - | - |
| Bad debts | 0.05 | 3.00 | - | 3.59 | 2.40 |
| Miscellaneous expenses | 6.21 | 11.66 | 9.65 | 6.85 | 16.12 |
| **Total** | **548.84** | **1,144.24** | **840.80** | **617.68** | **541.23** |

**Notes:**

1) The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.

2) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) Following are the amounts paid to Directors/Promoters/Promoter Group/Relatives of Promoters/Relatives of Directors/Entities having significant influence/Key Managerial Personnel

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|
| | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Rent paid** | | | | | |
| Kailash Katkar | 0.48 | 0.96 | 0.96 | 0.96 | - |
| Anupama Katkar | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 |
| Chhaya Katkar | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 |
| Kailash Sahebrao Katkar HUF | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 |
| Sanjay Sahebrao Katkar HUF | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 |
| | **1.52** | **2.90** | **2.72** | **2.58** | **0.46** |
| **CSR expenditure** | | | | | |
| Quick Heal Foundation | 2.44 | 2.35 | - | - | - |
| | **-** | **2.35** | **-** | **-** | **-** |
| **Total** | **3.96** | **5.25** | **2.72** | **2.58** | **0.46** |

4) List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XX- CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| Income tax (Refer Note 1) | 3.50 | 3.50 | 3.50 | - | 5.10 |
| Excise duty (Refer Note 2) | | - | - | 0.02 | 0.02 |
| Service tax (Refer Note 3) | 627.31 | 627.31 | - | - | - |
| HP VAT Act (Refer Note 4) | | - | - | 230.63 | - |
| Kerala VAT Act (Refer Note 5) | 0.15 | 0.15 | - | - | - |
| **Total** | **630.96** | **630.96** | **3.50** | **230.65** | **5.12** |

In all the cases mentioned above, outflow is not probable in accordance with Accounting Standard 29 ("AS-29") Provisions, Contingent Liabilities and Contingent Assets and hence not provided by the Company.

**Notes:**

**1) Income tax**

**For the six months ended September 30, 2015 and for FY 2014-2015 and FY 2013-2014**

This represents disputed income tax demand of Rs. 3.50 million (including interest of Rs. 0.36 million) under section 156 of the Income tax Act, 1961 related to A.Y 2010-11. The Holding Company has filed appeals against assessment order with relevant authorities. The Management is confident that the matter would be decided in favour of the Holding Company and outflow is not probable. Consequently no provision has been made in the books of account in respect of such disputed income tax demands.

**For FY 2011-2012 and FY 2010-2011**

This represents disputed income tax demand arising from disallowance of claim of tax holiday under section 10B of the Income Tax Act, 1961 of Cat Labs Private Limited which has been merged with the Holding Company with effect from April 1, 2010.

**2) Excise duty**

**For FY 2012-13 and FY 2011-12**

This represents disputed excise duty demand arising from delay in filing of ER-6 returns under Central Excise Rules. During the year ended March 31, 2014, the Holding Company had received the order not in favour and paid the disputed amount and hence the same is not disclosed as contingent liability in subsequent years.

**3) Service tax**

**For the six months ended September 30, 2015 and for FY 2014-2015**

The Holding Company has received show cause notice cum demand order for payment of Service Tax amounting to Rs. 627.31 million (excluding interest and penalty) on anti-virus software in Compact Disk. The Holding Company has filed the reply against show cause notice with Additional Director General, New Delhi and the Management have 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 has been made in the accounts and the demand has been disclosed as contingent liability in the year.

**4) HP VAT Act**

**FY 2012-2013**

The Holding Company had received a demand for payment of VAT amounting to Rs. 230.63 million in the State of Himachal Pradesh (VAT Rs. 74.64 million, Penalty Rs. 149.28 million and Interest Rs. 6.71 million) on the grounds of dispute in the valuation of the anti-virus products purchased from third party vendors. The Holding Company had appealed the same before the first level appellate authority and the Management had represented that they had sufficient and strong arguments on facts as well as on point of law. Accordingly, no provision was made in the accounts and the demand was recognized as contingent liability. During the year ended March 31, 2015, the Holding Company received the order in its favour and the amount was no longer required to be disclosed as contingent liability in subsequent years.

**5) Kerala VAT Act**

**For the six months ended September 30, 2015 and for FY 2014-2015**

In the year ended March 31, 2015, the Holding Company has received a notice of demand of VAT in the state of Kerala for Rs. 0.15 million (VAT Rs. 0.13 million; Interest Rs. 0.02 million) on the ground of dispute in the stock transfer of antivirus products transferred to the Branch. The Holding Company has appealed the same before the first level appellate authority and the Management has 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 has been made in the accounts and the demand has been disclosed as contingent liability.

6) The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

7) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXI- RESTATED CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS**

**A) List of related parties and transactions as per requirements Of Accounting Standard -18, 'Related Party Disclosures'**

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **(A) Other related parties with whom transactions have been entered into during the year** | | | | | |
| **(i) Key Management Personnel ("KMP")** | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer | Kailash Katkar, Managing Director and Chief Executive Officer |
| | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer | Sanjay Katkar, Managing Director and Chief Technical Officer |
| | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) | Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (appointed as executive director w.e.f. March 22, 2012) |
| | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | Rajesh Ghonasgi, Chief Financial Officer (from September 2, 2013) | | |
| | Vijay Shirode, Company Secretary | Vijay Shirode, Company Secretary | Vijay Shirode, Company Secretary | | |
| **(ii) Relatives of Key Management Personnel ("RKMP")** | Anupama Katkar (wife of Kailash | Anupama Katkar (wife of Kailash | Anupama Katkar (wife of Kailash | Anupama Katkar (wife of Kailash | Anupama Katkar (wife of Kailash |

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| | Katkar) | Katkar) | Katkar) | Katkar) | Katkar) |
| | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) | Chhaya Katkar (wife of Sanjay Katkar) |
| **(iii) Enterprises owned or significantly influenced by key management personnel or their relatives ("EKMP/ERKMP")** | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF | Kailash Sahebrao Katkar HUF |
| | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF | Sanjay Sahebrao Katkar HUF |
| | Quick Heal Foundation | Quick Heal Foundation | | | |

**B) Details of transactions with related parties**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Relationship | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|
| | | | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| **Remuneration** | | | | | | |
| Kailash Katkar | KMP | 5.31 | 10.02 | 8.54 | 7.13 | 6.18 |
| Sanjay Katkar | KMP | 5.31 | 10.02 | 8.54 | 7.16 | 6.18 |
| Abhijit Jorvekar | KMP | 4.15 | 8.39 | 7.70 | 5.97 | 0.10 |
| Anupama Katkar | RKMP | 1.38 | 2.55 | 1.85 | 1.38 | 1.20 |
| Rajesh Ghonasgi | KMP | 5.63 | 9.34 | 4.41 | - | - |
| Vijay Shirode | KMP | 0.50 | 0.92 | 0.43 | - | - |
| | | **22.28** | **41.24** | **31.47** | **21.64** | **13.66** |
| **Rent paid** | | | | | | |
| Kailash Katkar | KMP | 0.48 | 0.96 | 0.96 | 0.96 | - |
| Anupama Katkar | RKMP | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 |
| Chhaya Katkar | RKMP | 0.12 | 0.22 | 0.20 | 0.19 | 0.05 |
| Kailash Sahebrao Katkar HUF | EKMP/ERKMP | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 |
| Sanjay Sahebrao Katkar HUF | EKMP/ERKMP | 0.40 | 0.75 | 0.68 | 0.62 | 0.18 |
| | | **1.52** | **2.90** | **2.72** | **2.58** | **0.46** |
| **CSR expenditure** | | | | | | |
| Quick Heal Foundation | EKMP/ERKMP | 2.44 | 2.35 | - | - | - |
| | | **2.44** | **2.35** | **-** | **-** | **-** |

**C) Balance outstanding at the year end**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Relationship | As at | | | | |
|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **Remuneration** | | | | | | |

| Particulars | Relationship | As at | | | | |
|---|---|---|---|---|---|---|
| | | 30-Sept-2015 | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| **payable / (paid in advance)** | | | | | | |
| Kailash Katkar | KMP | - | 1.45 | 0.49 | 0.59 | - |
| Sanjay Katkar | KMP | 0.59 | 1.45 | 0.49 | 0.59 | - |
| Abhijit Jorvekar | KMP | 0.31 | 0.31 | 0.39 | 0.37 | - |
| Anupama Katkar | RKMP | - | 0.39 | 0.12 | 0.12 | - |
| Rajesh Ghonasgi | KMP | 0.48 | 0.45 | 0.57 | - | - |
| Vijay Shirode | KMP | - | 0.07 | 0.06 | - | - |
| | | **1.38** | **4.12** | **2.12** | **1.67** | **-** |
| **Rent payable / (receivable)** | | | | | | |
| Anupama Katkar | RKMP | 0.04 | 0.02 | - | (0.01) | 0.01 |
| Chhaya Katkar | RKMP | 0.04 | 0.02 | - | (0.01) | 0.01 |
| Kailash Sahebrao Katkar HUF | EKMP/ERKMP | 0.11 | 0.06 | - | 0.02 | 0.02 |
| Sanjay Sahebrao Katkar HUF | EKMP/ERKMP | 0.30 | 0.06 | - | 0.02 | 0.02 |
| | | **0.49** | **0.16** | **-** | **0.02** | **0.06** |
| **Loan receivable** | | | | | | |
| Abhijit Jorvekar | KMP | | 0.19 | 0.45 | 0.70 | |
| | | **-** | **0.19** | **0.45** | **0.70** | **-** |

**Notes:**

1) The classification and the disclosures of information of related parties for each of the years is in accordance with the Accounting Standard (AS) 18 - Related Party Disclosures, as specified by the Regulations.

2) The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities and profits and losses of the Group.

3) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

4) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXII - CAPITALISATION STATEMENT**

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Pre IPO as at September 30, 2015 | Pre IPO as at March 31, 2015 | As adjusted for IPO (Refer Note 3 below) |
|---|---|---|---|
| **Debt** | | | |
| Short term borrowings (A) | - | - | - |
| Long term borrowings (B) | - | - | - |
| **Total borrowings (C )= (A+B)** | **-** | **-** | **-** |
| **Shareholder's funds/ Net worth/ Equity** | | | |
| Share capital (D) | 610.70 | 610.70 | - |
| Reserves and Surplus, as restated | | | |
| Employees share options outstanding account | 2.19 | 1.38 | - |
| Surplus in statement of profit and loss | 2,466.55 | 2,224.31 | - |
| General reserves | 450.26 | 450.26 | - |
| **Total reserves and surplus (E)** | **2,919.00** | **2,675.95** | **-** |
| | | | |
| **Total equity (F = D +E)** | **3,529.70** | **3,286.65** | **-** |
| **Long term borrowings / Shareholders' funds (C/F)** | **-** | **-** | **-** |

**Note:**

1) The above has been computed on the basis of the restated consolidated summary statements of assets and liabilities of the Group.

2) The above statement should be read with the notes to restated consolidated summary statement of assets and liabilities, profits and losses and cash flows appearing in Annexures IV and V.

3) The corresponding post IPO capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the book building process and hence, the same have not been provided in the above statement.

4) There were no long term borrowings as at March 31, 2015 and as at September 30, 2015.

5) As per section 2(57) of the Companies Act, 2013, "net worth" means the aggregate values of the paid up capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balances sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.

**QUICK HEAL TECHNOLOGIES LIMITED**
**ANNEXURE XXIII - RESTATED CONSOLIDATED SUMMARY STATEMENT OF ACCOUNTING RATIOS**

*(All amounts are in INR million unless otherwise stated)*

| | Particulars | | Six months ended 30-Sept-2015 | For the year ended | | | |
|---|---|---|---|---|---|---|---|
| | | | | 31-Mar-2015 | 31-Mar-2014 | 31-Mar-2013 | 31-Mar-2012 |
| A. | Basic earnings per share (Rs.) (refer note 1 (a)) | | 3.97 | 8.81 | 9.56 | 12.59 | 11.16 |
| B. | Diluted earnings per share (Rs.) (refer note 1 (b)) | | 3.91 | 8.69 | 9.43 | 12.59 | 11.16 |
| C. | Net profit after tax as restated for calculating basic EPS | | 242.24 | 538.04 | 583.82 | 768.99 | 681.75 |
| D. | Net profit after tax as restated for calculating diluted EPS | | 242.24 | 538.04 | 583.82 | 768.99 | 681.75 |
| E. | Weighted average number of equity shares outstanding at end of the year | | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 |
| F. | Weighted average number of equity shares for calculating diluted EPS (Note 2) | | 61,925,755 | 61,935,481 | 61,907,337 | 61,069,688 | 61,069,688 |
| G. | Net worth at the end of the year (Note 3) | | 3,529.70 | 3,286.65 | 3,296.73 | 2,823.47 | 2,076.80 |
| H. | Total number of equity shares outstanding at the end of the year (Note 6) | | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 | 61,069,688 |
| I. | Return on net worth (%) (Note 1 (c)) | C/G | 6.86% | 16.37% | 17.71% | 27.24% | 32.83% |
| J. | Net asset value per equity share (Rs.) (Note 1 (d)) | G/H | 57.80 | 53.82 | 53.98 | 46.23 | 34.01 |

**Notes:**

1) The ratios have been computed as below:

(a) Basic earnings per share (Rs.) = Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period/ year

(b) Diluted earnings per share (Rs.) = Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period/ year for diluted EPS

(c) Return on net worth (%) = Net profit after tax (as restated) and after preference dividend and related tax thereon / Net worth at the end of the period/ year

(d) Net assets value per share (Rs.) = Net Worth at the end of the year / Total number of equity shares outstanding at the end of the period/ year

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/ year adjusted by the number of equity shares issued during the year multiplied by the time weighting

factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital (including share suspense) + Reserves and surplus (including, Securities Premium, General Reserve, Stock options outstanding and surplus in statement of profit and loss and excludes amalgamation reserve and foreign currency translation reserve).

4) The above ratios have been computed on the basis of consolidated summary statements of the Group.

5) The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV and V.

6) Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014. As per Accounting Standard 20, in case of bonus shares or consolidation of shares, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity share outstanding during all the previous years have been considered accordingly.

7) Subsequent to the year ended March 31, 2015, the board of director of the company had at the Extra Ordinary General Meeting held on September 14th 2015, pursuant to the ESOP scheme "ESOP 2014" increased the total number of stock options to be granted to the eligible employees of the Company by 400,000 options exercisable into 400,000 equity shares, on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities.

The Board of the Directors of the Company have approved the grant of 164,500 stock options to the eligible employees on September 24, 2015 at exercise price of Rs. 115/- per option.

Further, the Board of Directors of the Company have approved the grant of 27,000 and 3,500 stock options to the eligible employees on November 25, 2015 and December 23, 2015 respectively at an exercise price of Rs. 119/- per share.

**END OF FINANCIAL STATEMENTS**

## CAPITALISATION STATEMENT AS ADJUSTED FOR THE OFFER

Set forth below is the post Offer details of the Capitalisation Statement in relation to Annexure XXII of the Restated Unconsolidated Financial Statements on page 246 (which was to be calculated upon conclusion of the Book Building Process).

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Pre IPO as at March 31, 2015 | As adjusted for IPO |
|---|---|---|
| **Debt** | | |
| Short term borrowings (A) | - | - |
| Long term borrowings (B) | - | - |
| **Total borrowings (C )= (A+B)** | **-** | **-** |
| **Shareholder's funds/ Net worth/ Equity** | | |
| **Share capital (D)** | **610.70** | **688.58** |
| Reserves and Surplus, as restated | | |
| Employees share options outstanding account | 1.38 | 2.20 |
| Surplus in statement of profit and loss | 2,287.54 | 2,550.97 |
| General reserves | 450.26 | 2,872.38 |
| **Total reserves and surplus (E)** | **2,739.18** | **5,425.55** |
| **Total equity (F = D + E)** | **3,349.88** | **6,114.13** |
| **Long term borrowings / Shareholders' funds (C/F)** | **-** | **-** |

**Note:**

1) The above, as adjusted for IPO position, has been computed on the basis of the restated unconsolidated summary statements of assets and liabilities of the Company as on September 30, 2015.

2) The figures for the respective financial statement line items under the, as adjusted for IPO, column are unaudited and derived after considering only the impact of fresh issue of 7,788,161 Equity Shares of ₹ 10 each at a premium of ₹ 311 per Equity Share (aggregate premium of ₹ 2,422.12 million) through the initial public offering and not considering any other transactions or movements for such financial statement line items after September 30, 2015. These shares are yet to be allotted.

The Company also had an Offer for Sale of 6,629,558 Equity Shares of ₹ 10 each at a premium of ₹ 311 per Equity Share by the Selling Shareholders. The same does not have any impact on the above financial statements line items.

In the, as adjusted for IPO position, the reserves and surplus amount has not been adjusted for share issue expenses on account of the initial public offering that will be deducted from the amount of share premium received from the Offer.

3) There were no long term borrowings as at March 31, 2015 and as at September 30, 2015.

Set forth below is the post Offer details of the Capitalisation Statement in relation to Annexure XXII of the Restated Consolidated Financial Statements on page 297 (which was to be calculated upon conclusion of the Book Building Process).

*(All amounts are in INR million unless otherwise stated)*

| Particulars | Pre IPO as at March 31, 2015 | As adjusted for IPO (Refer Note 3 below) |
|---|---|---|
| **Debt** | | |
| Short term borrowings (A) | - | - |
| Long term borrowings (B) | - | - |
| **Total borrowings (C )= (A+B)** | **-** | **-** |
| **Shareholder's funds/ Net worth/ Equity** | | |
| Share capital (D) | 610.70 | 688.58 |
| Reserves and Surplus, as restated | | |
| Employees share options outstanding account | 1.38 | 2.19 |
| Surplus in statement of profit and loss | 2,224.31 | 2,466.55 |
| General reserves | 450.26 | 2,872.38 |
| **Total reserves and surplus (E)** | **2,675.95** | **5,341.12** |
| | | |
| **Total equity (F = D +E)** | **3,286.65** | **6,029.70** |
| **Long term borrowings / Shareholders' funds (C/F)** | **-** | **-** |

**Note:**

1) The above, as adjusted for IPO position, has been computed on the basis of the restated consolidated summary statements of assets and liabilities of the Company as on September 30, 2015.

2) The figures for the respective financial statement line items under the, as adjusted for IPO, column are unaudited and derived after considering only the impact of fresh issue of 7,788,161 Equity Shares of ₹ 10 each at a premium of ₹ 311 per Equity Share (aggregate premium of ₹ 2,422.12 million) through the initial public offering and not considering any other transactions or movements for such financial statement line items after September 30, 2015. These shares are yet to be allotted.

The Company also had an Offer for Sale of 6,629,558 Equity Shares of ₹ 10 each at a premium of ₹ 311 per Equity Share by the Selling Shareholders. The same does not have any impact on the above financial statements line items.

In the, as adjusted for IPO position, the reserves and surplus amount has not been adjusted for share issue expenses on account of the initial public offering that will be deducted from the amount of share premium received from the Offer.

3) There were no long term borrowings as at March 31, 2015 and as at September 30, 2015.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections "Summary Financial Data" and our Restated Consolidated Summary Statements and the related notes and significant accounting policies included elsewhere in this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus.*

*Our Restated Consolidated Summary Statements have been derived from our audited consolidated financial statements prepared in accordance with the provisions of the Companies Act, 2013, or Companies Act, 1956, as applicable to the respective financial years, and Indian GAAP and restated in accordance with the SEBI ICDR Regulations and are included under the section "Financial Statements" on page 251 of this Prospectus. Indian GAAP differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Accordingly, the degree to which the Restated Consolidated Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Accordingly, any reliance on the financial disclosure in this Prospectus, by persons not familiar with Indian accounting practices, should be limited.*

*Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.*

### Overview

We are one of the leading providers of security software products and solutions in India with a market share of over 30% in the retail segment according to the Industry Report. Our end customers include home users, small offices and home offices (SOHO), SMBs, enterprises, educational institutions, as well as government agencies and departments. Our proprietary antivirus technology, which is based on an innovative behaviour and threat detection system, works to detect security threats including virus and malware attacks in real time to protect our users' IT assets across platforms, including Windows, Mac, Android, iOS and Linux, and across devices, including desktops, laptops, mobile/ smartphones and tablets, while aiming to ensure resource availability, business continuity and an uninterrupted digital experience. Our portfolio includes solutions under the widely recognised brand names "Quick Heal" and "Seqrite" for desktop and laptop security, mobile / smartphone security, endpoint security, gateway security, network security, cloud-based mobile device management (MDM) systems, data loss prevention (DLP) systems and family safety software. Since our incorporation, more than 24.5 million licenses of our products have been installed and as of December 31, 2015, we had over 7.13 million active licenses spread across more than 80 countries.

Our security software solutions are structured to be user friendly and can be accessed, installed and used with minimal effort and limited technical knowledge. We provide support services to our end users in English, Hindi and several other major regional Indian languages. Our home users are usually required to purchase an annual or multi-year license. Our SMB, enterprise users, educational institutions and government customers may purchase single or multiple user licenses which may be renewed annually or every three years. We take regular feedback from our large user base which enables us to understand the needs of our users better and helps us to innovate and design improved solutions. Our sales and marketing activities benefit from word-of-mouth recommendations from our large user network to create a viral marketing effect, which is amplified by the speed, ease of use and quality of our solutions, and allows us to gain new customers at a low acquisition cost. We also invest in advertising and sales promotion activities across various media channels that further increase our brand recognition among our existing and potential users.

We sell our solutions directly and through distributors, whom we refer to as channel partners, who in turn distribute our solutions through resellers. We have established strong, sustainable and long-term relationships with our channel partners. Our home users and other users including SMBs may purchase our solutions in stores, online and through our retail channel partners. End users such as enterprises, educational institutions and government customers may purchase our solutions directly from us, through our enterprise channel partners as well as through

system integrators who package our solutions as part of their overall product offering. Our internal sales team and channel partners collaborate to identify new sales prospects, sell solutions, and provide after-sale support.

We believe this distribution model helps us to deliver our solutions to a large addressable market, distributed across a broad geographic spectrum, at low costs. As at December 31, 2015, we have a network of over 19,000 retail channel partners, 349 enterprise channel partners, 319 government partners and 944 mobile channel partners. This approach also allows us to maintain connectivity with our end users, including key enterprise accounts, and helps us support our channel partners, while leveraging their distribution reach and capabilities. For more details, see "*Our Business — Sales and Distribution*" on page 149.

We have been successful in augmenting our portfolio of solutions over time through continuous R&D and in-house development which we believe is a key differentiator of our business model. As of December 31, 2015, we had 1,396 employees, including 547 employees who comprise our R& D team. Over the three fiscal years ended March 31, 2015, we have introduced solutions for mobile and tablet security, as well as MDM and DLP systems. We continue to invest in our existing solutions and for developing new solutions towards applications like Internet of Things (IoT) security and home automation security systems.

Our Company was incorporated in 1995 and our registered office is located in Pune, India. As of December 31, 2015, we conduct our sales and marketing activities out of 64 offices and warehouses across 36 cities in India and, through our Subsidiaries, that are present in Japan, Dubai, the United States and Kenya. Our technical innovation and business achievements have earned us multiple industry awards including the CRN Channel Champion Award for Client Security in 2014 and 2015 and the DQChannels Channel Satisfaction Survey 2015 in the category of antivirus vendors. In 2010, we were awarded the Deloitte Fast 50 award which recognised us as one of India's 50 fastest growing and dynamic technology companies (based on revenue growth over the past three years as of then). In addition, Kailash Sahebrao Katkar, our Promoter, Managing Director and Chief Executive Officer, was honoured with SME Channels' "IT Entrepreneur of the Year" award in 2014. On August 18, 2015, our Company was awarded the "Make in India Excellence 2015" award for its contribution towards the economic growth of the country. Our solutions have also been certified by AV-Test and AVComparatives.

For the six months ended September 30, we generated total revenue of ₹ 1,522.74 million, Gross Profit ₹1,358.16 million, EBITDA of ₹439.99 million and restated profit for the period of ₹ 242.24 million. For the fiscal year ended March 31, 2015, we generated total revenue of ₹ 2,943.37 million, Gross Profit ₹ 2,606.19 million, EBITDA of ₹ 918.03 million and restated profit for the year of ₹ 538.04 million. For the five fiscal years ended March 31, 2015, our total revenue, Gross Profit, EBITDA and restated profit for the year grew at a CAGR of 21.94%, 20.97%, 13.07% and 8.67%, respectively.

We currently report our results across two segments, within India and outside India, based on the geographic areas in which we have major operations. For the six months ended September 30, 2015, we derived 97.34% and 2.66% of our revenue from sales to users within India and outside India, respectively. For fiscal year 2015, we derived 97.31% and 2.69% of our revenue from sales to users within India and outside India, respectively.

We categorise our sales as retail sales and other sales. We define retail sales as all sales, other than those through our enterprise channel partners, government partners, mobile channel partners and sales outside India. Based on this definition, other sales refers to sales where our sales team works closely with the enterprise, government and mobile channel partners, as well as the eventual end users, such as enterprises and government customers, to sell our solutions. For the six months ended September 30, 2015, we derived 86.76% and 13.24% of our revenue from retail sales and other sales, respectively. For fiscal year 2015, we derived 86.67% and 13.33% of our revenue from retail sales and other sales, respectively.

**Key Factors Affecting Our Results of Operations and Financial Condition**

The following are key factors that have affected, and are expected to affect, our results of operations and financial condition:

***Growth of Our User Base and Retention of Existing Users***

The growth of our user base is a primary driver of our revenue. While home users continue to be our principal user base, we are working to expand our user base amongst SMBs, enterprises, educational institutions and

government customers. One of the main drivers of growth of our active user base has been the introduction of new and upgraded solutions. In addition, we believe we provide a user-friendly, efficient and effective user experience that helps us to retain existing users and acquire new users. We have been increasing our efforts to penetrate new markets in India and drive awareness and market adoption in the international markets. Our efforts to grow our user base, both in India and overseas, have occurred in the context of increasing awareness and concern among individuals, businesses and governments of cyber security threats. For example, according to the Zinnov Industry Report, the number of cyber-crimes in India is expected to reach 300,000 in 2015; almost double the level of last year. This demonstrates the growing market for security software solutions in India. Additionally, according to the Zinnov Industry Report, the number of SMBs in India is 51 million for fiscal year 2015 and the number of SMBs is expected to grow at 15% year-on-year and constitute 30% of the Indian IT market. In terms of technology adoption, SMBs are likely to spend around ₹ 71,300 crore in 2015 on IT products and by 2020, this expenditure is expected to rise to ₹ 154,800 crore with a CAGR of over 16%. We expect to continue our focus on SMBs and enterprise customers, and expand our user base amongst them.

***Brand Reputation and Value***

The recognition and reputation of our "Quick Heal" and "Seqrite" brands among end users have significantly contributed to the growth of our business and hence maintaining and enhancing these brands is critical to our business. We believe we have a high degree of brand recall, which plays a key role in distinguishing our solutions from those of our competitors.

Our efforts to grow our user base have driven growth in our advertising and sales promotion, as well as business promotion expenses. We have invested in brand building, including through the development and promotion of our "Quick Heal" and "Seqrite" brands, and our advertising and sales promotion activities include print, television and radio marketing, online marketing, blogs and other media referrals. For the six months ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, expenditure on advertising and sales promotion was ₹ 90.20 million, ₹ 288.09 million, ₹ 223.10 million and ₹ 190.28 million, respectively.

We also participate in several industry conferences and provide sponsorships for various events related to security solutions and developments in the industry that help us gather market intelligence, increase our visibility and allow us to interact with key stakeholders. For the six months ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we incurred ₹ 54.58 million, ₹ 134.53 million, ₹ 109.70 million and ₹ 70.48 million, respectively, on business promotion expenses.

We expect our advertising and sales promotion, as well as business promotion expenses to continue to increase in the future as we continue to build our brands, to expand our user base. Accordingly, our EBITDA margins have been impacted in the past, and may continue to be adversely impacted in the future as well. For the six months ended September 30, 2015, our EBITDA margin was 29.69%, while in fiscal years 2015, 2014 and 2013, our EBITDA margins were 32.09%, 42.98% and 51.30%, respectively.

We expect to invest significantly in building our brand through advertising and sales promotion and intend to deploy ₹ 1,110 million from the Net Proceeds for this purpose. For details, please see "*Objects of the Offer — Advertising and Sales Promotion*" on page 105.

***R&D and Product Development***

The market for security software is intensely competitive and characterised by rapid changes in technology, user requirements, industry standards and frequent new product introductions and improvements. As a result, our revenue growth has been steered by our R&D efforts to design and develop new solutions with the latest technology that can respond to our end users need. Constant innovation and customisation of our solutions to meet user requirements and updates to existing products, aimed at protecting our users from evolving threats has helped us to grow the number of new users and retain existing users, which drives our revenue, while also constituting a major and growing component of our costs. We seek to strengthen our R&D capability continuously by expanding our R&D team with relevant skills and expertise. For the six months ended September 30, 2015, we expensed ₹ 290.22 million on R&D-related expenses which formed 19.59%, of our revenue from operations (net) in this period. For fiscal years 2015, 2014 and 2013, we expensed ₹ 459.54 million, ₹ 312.07 million and ₹ 196.87 million, respectively on R&D-related expenses which formed 16.06%, 12.85% and 9.60%, respectively, of our revenue from operations (net) in these years.

As we continue to incur R&D-related expenses and make further investments in R&D, our EBITDA margins have been impacted in the past, and may continue to be adversely impacted in the future as well. For the six months ended September 30, 2015, our EBITDA margin was 29.69%, while in fiscal years 2015, 2014 and 2013, our EBITDA margins were 32.09%, 42.98% and 51.30%, respectively.

The number of our R&D employees increased from 191 employees as of March 31, 2013 to 433 employees as of March 31, 2015. As at December 31, 2015, our R&D team comprised 547 employees. Among them, 221 had obtained masters or higher degrees, and 326 had obtained bachelor's degrees or other degrees. We expect that our ability to anticipate technological advances, retain and recruit qualified and talented R&D staff and develop innovative solutions for our users to meet their requirements in a timely and cost-effective manner will have a significant effect on our results of operations.

***Channel Network and Sales Productivity***

We sell our solutions directly and through distributors, whom we refer to as channel partners, who in turn distribute our solutions through resellers. Our home users and other users including SMBs may purchase our solutions in stores, online and through our retail channel partners. End users such as enterprises, educational institutions and government customers may purchase our solutions directly from us, through our enterprise channel partners as well as through system integrators who package our solutions as part of their overall product offering. We believe that our distribution reach and the selling capabilities of our extensive channel network will continue to be a key factor to drive our business growth. We have invested, and intend to continue to invest, in expanding our sales capacity and improving our sales operations to drive additional revenue and support the growth of our user base. We work with our channel partners to secure prospects, convert prospects to users, and pursue sales opportunities. We began by targeting home users but have in recent years increased our focus on SMBs, enterprises, educational institutions as well as government customers. We are continuing to develop and expand our channel partner community and sales team to supplement our sales and support operations through system integrators, resellers and other partners to drive adoption of our solutions.

We also introduce performance based incentive programmes from time to time for our channel partners to encourage them to achieve their sales and collection targets. For the six months ended September 30, 2015 and in fiscal years 2015, 2014 and 2013, we incurred ₹ 105.37 million, ₹ 223.67 million, ₹ 145.84 million and ₹ 103.85 million, respectively, on sales incentive which we define as the incentive paid to our channel partners on achieving sales targets.

***Competition and Pricing***

Our business is highly competitive, and our success is dependent upon our ability to compete against other security software developers, including some that have greater resources than we have. Some of our global competitors have longer operating histories, greater financial, technical, product development and marketing resources and greater name recognition. Such competitors could use these resources to market or develop solutions that are more effective or less costly than our solutions or that could render any or all of our solutions obsolete.

Competitive pressures could also affect the pricing of our solutions. Greater competition for particular solutions could have a negative impact on pricing. We will continue to seek to distinguish our offerings by providing quality solutions at competitive prices. In addition, we may face pressure to provide higher sales incentive to our channel partners or increase our advertising and sales promotion expenses significantly, which would adversely affect our profitability.

***Employee Benefits Expense***

Employee benefits expense constitutes a substantial component of our costs and is an important factor in determining our profitability. Our employee headcount has grown with the expansion of our business. Employee benefits expense for fiscal years 2015, 2014 and 2013, was ₹ 641.10 million, ₹ 434.07 million and ₹ 285.57 million, respectively, and our employee headcount figures as on March 31, 2015, 2014 and 2013 were 1,173, 935 and 644, respectively. Employee benefits expense for the six months ended September 30, 2015, was ₹ 417.12 million and our employee headcount figures as on December 31, 2015, was 1,396.

We expect that our employee benefits expense will continue to increase over the coming years due to continued increase in salaries and benefits as well as headcount growth, especially as we continue to expand our R&D and Sales & Marketing teams.

***Growth of International Markets***

Our growth strategy, in addition to continued focus on India, contemplates increased sales and marketing presence in international markets for the expansion of our user base. As of December 31, 2015, we had end users in more than 80 countries. Through our Subsidiaries, we are present in Japan, Dubai, the United States and Kenya and are considering expanding our footprint in Africa (with a special focus on South Africa), the Middle East (including the United Arab Emirates) and South East Asia in the near to medium term.

Newly hired sales and marketing resources typically require few months to establish customer relationships and drive overall sales productivity. In addition, sales teams in international regions will face local market competition which may present challenges for us. All of these factors will influence timing and overall levels of sales productivity, impacting the rate at which we will be able to convert prospects to sales and drive revenue growth. We have steadily increased our focus on channel partner efforts to drive new user acquisitions outside India. All of these factors will impact our sales and drive our revenue growth in international markets. Further, we may also need to invest additional resources, including capital and senior management attention, in these markets over the next few years to support the growth and expansion plans of our Subsidiaries. We may not be successful in our overseas strategy in the short term, or at all. For details, see "*Risk Factors — All of our Subsidiaries have incurred losses in their respective preceding fiscal year, which may have an adverse effect on our business, results of operations and financial position*" on page 26.

Further, as we expand our business overseas, we expect to earn more revenue in currencies other than the Indian Rupee, and this may increase our vulnerability to foreign exchange fluctuations.

***Tax Incentives***

We typically provide home users with CDs and DVDs of our security software solutions. A third-party vendor manufactures CDs and DVDs with our security software solutions at its manufacturing facility located at Rudrapur in the state of Uttarakhand. This manufacturing facility is currently exempt from the payment of excise duty pursuant to a central government notification that provides for an exemption from payment of excise duty for a period of 10 years from the date of the government notification or the commencement of commercial production, whichever is later, and the facility is exempt from excise duty on the goods manufactured during this period of time. We understand that the exemption from payment of excise duty at this manufacturing facility is available until June 20, 2018. However, at the end of the excise exemption period, the cost of manufacturing these CDs and DVDs will rise, and we may not be able to benefit from this excise exemption. The loss of this tax incentive will have an adverse impact on our Gross Margins, and consequently may affect our results of operation and profitability. For more details on Gross Margins, see "*— Gross Profit, Gross Margin, EBITDA and EBITDA Margin*" on page 326.

Further, the central government has proposed a GST regime that will eliminate excise duties and, depending on the rates proposed under the GST regime, may also increase the cost of manufacturing of these CDs and DVDs. For more details on GST, see "*Risk Factors — We benefit from the tax incentives available to the third party manufacturer of our CDs and DVDs and any loss of this benefit may impact our financial performance and results of operations*" on page 24.

In addition, in the event that we are required to collect service tax from customers on the sale of CDs and DVDs, we may need to revise our product pricing which may have an adverse impact on the volume of our business, or our Gross Margins if we are required to absorb the service tax, in part or in whole, and consequently affect our results of operation and profitability. For details, see *"Risk Factors — We are involved in various tax proceedings and any negative outcome may have an adverse effect on our business, financial condition, results of operations and cash flows*."

**Significant Accounting Policies**

In preparing our financial statements in conformity with Indian GAAP, we make judgments, estimates and

assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. We base these judgments, estimates and assumptions on our historical experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our financial performance may differ if prepared under different assumptions or conditions. For additional information, see Annexure V to our Restated Financial Statements.

Set forth below are certain significant accounting policies.

**Principles of consolidation**

These consolidated financial statements of the Group are 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 unconsolidated 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. have been prepared in accordance with Accounting Principles Generally Accepted in India (Indian GAAP). The financial statements of Quick Heal Technologies Africa Limited and Quick Heal Technologies (MENA) FZE 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. have been prepared in 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 accounting principles generally accepted in India.

*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 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 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 | Period/ financial year ends on | Country of Incorporation | Parent's Ultimate Holding as on | | | | |
|---|---|---|---|---|---|---|---|
| | | | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Quick Heal Technologies America Inc. | September 30/ March 31 | USA | 100% | 100% | 100% | 100% | 100% |
| Quick Heal Technologies Japan K. K. | September 30/ March 31 | Japan | 100% | 100% | 100% | 100% | - |
| Quick Heal Technologies Africa Limited | September 30/ March 31 | Kenya | 100% | 100% | 100% | - | - |
| Quick Heal Technologies (MENA) FZE | September 30/ March 31 | Dubai | 100% | 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 September 30, 2015 | |
|---|---|---|
| | As a % of consolidated net assets | Net assets (INR in millions) |
| **Holding Company** | | |
| Quick Heal Technologies Limited | 100.71% | 3,583.16 |
| **Foreign Subsidiaries** | | |
| Quick Heal Technologies America Inc. | (0.35%) | (12.62) |
| Quick Heal Technologies Japan K. K. | (0.76%) | (26.95) |
| Quick Heal Technologies Africa Limited | 0.21% | 7.59 |
| Quick Heal Technologies (MENA) FZE | 0.19% | 6.80 |
| **Total** | **100%** | **3,557.98** |

| Name of the Company | As at March 31, 2015 | | As at March 31, 2014 | |
|---|---|---|---|---|
| | As a % of consolidated net assets | Net assets (₹ in millions) | As a % of consolidated net assets | Net assets (₹ in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.46% | 3,329.77 | 100.40% | 3,336.99 |
| **Foreign Subsidiaries** | (0.02%) | (0.64) | 0.05% | 1.57 |
| Quick Heal Technologies America Inc. | | | | |
| Quick Heal Technologies Japan K. K. | (0.64%) | (21.45) | (0.46%) | (15.32) |
| Quick Heal Technologies Africa Limited | 0.12% | 4.13 | 0.02% | 0.82 |
| Quick Heal Technologies (MENA) FZE | 0.08% | 2.62 | (0.01%) | (0.45) |
| **Total** | **100%** | **3,314.43** | **100%** | **3,323.61** |

| Name of the Company | As at March 31, 2013 | | As at March 31, 2012 | |
|---|---|---|---|---|
| | As a % of consolidated net assets | Net assets (₹ in millions) | As a % of consolidated net assets | Net assets (₹ in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.20% | 2,855.51 | 100.01% | 2,103.45 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | 0.00% | 0.11 | (0.01%) | (0.20) |
| Quick Heal Technologies Japan K. K. | (0.20%) | (5.82) | - | - |
| **Total** | **100%** | **2,849.80** | **100%** | **2,103.25** |

**Share in profit and loss:**

| Name of the company | For the period ended September 30, 2015 | |
|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (INR in millions) |
| **Holding Company** | | |
| Quick Heal Technologies Limited | 104.27% | 252.59 |
| **Foreign Subsidiaries** | | |
| Quick Heal Technologies America Inc. | (4.74%) | (11.49) |
| Quick Heal Technologies Japan K. K. | (1.28%) | (3.09) |
| Quick Heal Technologies Africa Limited | 1.57% | 3.80 |
| Quick Heal Technologies (MENA) FZE | 0.18% | 0.43 |
| **Total** | **100%** | **242.24** |

| Name of the Company | For the year ended March 31, 2015 | | For the year ended March 31, 2014 | |
|---|---|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (₹ in millions) | As a % of consolidated profit or loss | Profit / (Loss) (₹ in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.53% | 540.89 | 101.41% | 592.05 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | (0.40%) | (2.15) | 0.28% | 1.62 |
| Quick Heal Technologies Japan K. K. | (1.29%) | (6.97) | (1.73%) | (10.09) |
| Quick Heal Technologies Africa Limited | 0.63% | 3.39 | 0.09% | 0.54 |
| Quick Heal Technologies (MENA) FZE | 0.53% | 2.88 | (0.05%) | (0.30) |
| **Total** | **100%** | **538.04** | **100%** | **583.82** |

| Name of the company | For the year ended March 31, 2013 | | For the year ended March 31, 2012 | |
|---|---|---|---|---|
| | As a % of consolidated profit or loss | Profit / (Loss) (₹ in millions) | As a % of consolidated profit or loss | Profit / (Loss) (₹ in millions) |
| **Holding Company** | | | | |
| Quick Heal Technologies Limited | 100.70% | 774.37 | 100.03% | 681.95 |
| **Foreign Subsidiaries** | | | | |
| Quick Heal Technologies America Inc. | 0.01% | 0.05 | (0.03%) | (0.20) |
| Quick Heal Technologies Japan K. K. | (0.71%) | (5.43) | - | - |
| Quick Heal Technologies Africa Limited | - | - | - | - |
| Quick Heal Technologies (MENA) FZE | - | - | - | - |
| **Total** | **100%** | **768.99** | **100%** | **681.75** |

**Use of estimates**

The preparation of restated 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.

**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 and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. 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 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 Statement of Profit and Loss when the asset is derecognized.

**Depreciation on tangible fixed assets**

*In the case of Holding Company:*

(i) Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirement concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

(ii) Useful lives / depreciation rates

Till the year ended March 31, 2014, the depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rate were justified considering the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful life for fixed assets which in many cases are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that the rates as prescribed under Schedule II reflect its estimate of useful lives and residual values of fixed assets. Hence the Company has aligned the estimated useful life and residual values with the lives prescribed under Schedule II. The Company has used the transitional provision of Schedule II to adjust the impact of change in the useful lives arising on its first application in the statement of profit and loss. Had the Company continued its earlier policy of depreciating the fixed assets, the profit for the year ended March 31, 2015 would have been higher by ₹ 38.30 million and fixed assets would correspondingly been higher by ₹ 38.30 million.

(iii) Depreciation on assets costing less than ₹ 5,000

Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on the assets costing less than ₹ 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year does not recognise such practices. Hence to comply with the requirement of Schedule II to the Companies Act 2013, the Company has changed its accounting policy for depreciation of assets costing less than ₹ 5,000. As per revised policy, the Company is deprecating such assets over their useful life as assisted by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 1, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000, did not have any material impact on consolidated financial statement of the Group for the current year.

*In the case of Group:*

Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management supported by technical evaluation. The Group has used the following rates to provide depreciation on its fixed assets.

| Type of assets | March 31, 2015 | March 31,2014 | March 31, 2013 | March 31, 2012 |
|---|---|---|---|---|
| | | *(Life in Years)* | | |
| Buildings | 60 | 61 | 61 | 61 |
| Computers | 3 | 6 | 6 | 6 |
| Electrical Installations | 10 | 12 | 12 | 12 |
| Furniture and Fixtures | 10-18 | 16-18 | 16 | 16 |
| Office equipments | 5-15 | 15-21 | 21 | 21 |
| Servers | 6 | 3 | 3 | 3 |
| Vehicle | 8 | 11 | 11 | 11 |

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

**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. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for intended use.

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. Such 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".

| Type of asset | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|---|---|---|---|
| | | *(Life in Years)* | | |
| Computer software | 3 | 3 | 3 | 3 |

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 disposed.

*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
- 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:

**Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each Balance Sheet if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Group makes a reasonable estimate of value in use.

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.

**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.

**Investments**

Investments which are readily realisable 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 recognise 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.

**Inventories**

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

Finished goods are valued at lower of cost and net realisable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost 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 realisable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

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

**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 products 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 software 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 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.

**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.

**Retirement and other employee benefits**

*In case of Holding Company:*

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 consolidated 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 consolidated 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 Group:*

Retirement benefit in the form of provident fund and National Social Security Fund (NSSF - Kenya) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and NSSF - Kenya. The Group recognizes contribution payable to the provident fund scheme and 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.

**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 unrecognised deferred tax assets. It recognizes unrecognised 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. MAT credit available is recognized 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.

**Employee stock compensation cost**

Employees of the Group 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 *Guidance Note on Accounting for Employee Share-based Payments* issued by Institute of Chartered Accountants of India (ICAI), the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. 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 consolidated statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

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 increase the total intrinsic value of the share-based payment transaction, or 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.

**Segment reporting**

*Identification of segments*

The Group's operating businesses are organised 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 areas of the Group operate.

**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.

**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.

**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 recognise a contingent liability but discloses its existence in the financial statements.

**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.

**Changes in Accounting Policies**

Apart from as discussed above under " — Significant Accounting Policies — Depreciation on tangible fixed assets — Depreciation on assets costing less than ₹ 5,000," there have been no changes in our Company's accounting policies in the last five years.

**Key Components of Our Income Statement**

***Total Revenue***

Our total revenue consists of revenue from operations (net) and other income. Revenue from operations (net) is revenue from operations (gross) as reduced by the excise duty.

*Revenue from Operations (Gross)*

Revenue from operations (gross) includes revenue derived from the sale of manufactured products such as UTM, sale of traded goods such as packaged antivirus and anti-malware products on CDs and DVDs in line with our main business activity, and the sale of services such as customised software. Revenue from operations (gross) as a percentage of our total revenue was 97.21%, 96.12% and 95.46% for fiscal years 2015, 2014 and 2013, respectively.

*Revenue from Operations (Net)*

Revenue from Operations (net) is the revenue from operations (gross) as reduced by the excise duty. Revenue from operations (net) as a percentage of our total revenue was 97.21%, 96.12% and 95.46% for fiscal years 2015, 2014 and 2013, respectively.

*Geographic Breakdown of Revenue from Operations (Net)*

We currently report our results across two segments, within India and outside India, based on the geographic areas in which we have major operations. Currently, our biggest market is within India, with the balance of revenues generated from outside India through our Subsidiaries in Japan, Kenya, Dubai and the United States.

The following table sets forth details of segment revenue for the periods indicated:

| | Six months ended | | Year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2015 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | |
| | ₹ in millions | % of revenue from operations (net ) | ₹ in millions | % of revenue from operations (net ) | ₹ in millions | % of revenue from operations (net ) | ₹ in millions | % of revenue from operations (net ) |
| **Segment** | | | | | | | | |
| Within India | 1,442.49 | 97.34% | 2,784.18 | 97.31% | 2,371.02 | 97.64% | 2,005.61 | 97.83% |
| Outside India | 39.35 | 2.66% | 76.97 | 2.69% | 57.36 | 2.36% | 44.44 | 2.17% |
| **Total** | **1,481.84** | **100%** | **2,861.15** | **100.00%** | **2,428.38** | **100.00%** | **2,050.05** | **100.00%** |

*Other Income*

Other income primarily comprises dividend income on current investments and net gain on sale of investments. It also includes interest income on bank deposits and other interest income, income tax refund, foreign exchange gains (net), profit on sale of fixed assets (net) and miscellaneous income. Other income as a percentage of our total revenue was 2.69%, 2.79%, 3.88% and 4.54% for the six months ended September 30, 2015 and fiscal years 2015, 2014 and 2013, respectively.

**Expenses**

Our expenses consist of the following:

- Raw Materials Consumed
- Purchase of Security Software Products
- (Increase)/ Decrease in Security Software Products
- Employee Benefits Expense
- Operation and Other Expenses
- Depreciation and Amortisation Expenses

*Raw Materials Consumed*

Raw materials consumed refers to our purchase of hardware equipment required for UTM solutions. Raw materials consumed as a percentage of our total revenue was 0.99%, 0.74%, 0.26% and 0.07% for the six months ended September 30, 2015 and for the fiscal years 2015, 2014 and 2013, respectively.

*Purchase of Security Software Products*

Purchase of security software products refers to our purchase of processed digital media products such as CDs and DVDs which are loaded with our antivirus and anti-malware solutions, packaging boxes and stamper purchases. Purchase of security software products as a percentage of our total revenue was 3.41%, 5.06%, 4.88% and 4.95% for the six months ended September 30, 2015 and for the fiscal years 2015, 2014 and 2013, respectively.

*(Increase)/Decrease in Security Software Products*

(Increase)/decrease in security software products refers to the change in the inventory balance of our security software products. (Increase)/decrease in security software products as a percentage of our total revenue was 0.58%, (0.44)%, (0.80)% and (0.59)% for the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, respectively.

*Employee Benefits Expense*

Employee benefits expense includes salaries, wages and bonus paid to employees, contribution towards provident and other funds as well as gratuity, leave encashment and staff welfare expenses. It also includes employee stock compensation expenses. Employee benefits expense as a percentage of our total revenue was 27.39%, 21.78%, 17.18% and 13.30% for the six months ended September 30, 2015 and for the fiscal years 2015, 2014 and 2013, respectively.

Employee benefits expense includes personnel costs attributable to our R&D and Sales & Marketing teams and other employees. We expect that our employee benefits expense will continue to increase in absolute terms on account of annual salary increments and also as we increase the headcount of our R&D and Sales & Marketing teams. We expect to increase the headcount of our R&D team to further strengthen our technology capabilities and invest in the development of both existing and new solutions. We also expect to expand our Sales & Marketing team as we continue to invest in brand building, expand internationally through our Subsidiaries and increase our focus on SMB and enterprise customers.

*Operation and Other Expenses*

Operation and other expenses are classified into several categories and include several costs such as technology subscription charges, fees for technical services, sales incentive, advertising and sales promotion expenses, business promotion expenses, rent, insurance, rates and taxes, repairs and maintenance, legal and professional fees, payments to statutory auditor, communication expenses, travelling expenses, provision for doubtful debts and advances, write-offs of bad debt and deposits, loss on sale on fixed assets (net), CSR expenditure, donations and miscellaneous expenses. Operation and other expenses as a percentage of our total revenue was 36.04%, 38.88%, 33.28% and 28.76% for the six months ended September 30, 2015 and for the fiscal years 2015, 2014 and 2013, respectively.

Technology subscription charges are defined to mean annual fees paid by us for subscriptions to mobile scan engines and in-house project management tool charges. Fees for technical services are defined to mean fees payable for URL categorisation and anti-spam detection support service charges.

Advertising and sales promotion refers to expenses on advertising through various media such as television, radio and print, as well as online, or websites and blogs. Business promotion expenses refers to expenses incurred by us to participate in industry conferences and provide sponsorships for various events related to security solutions and developments in the industry that help us to gather market information, increase our visibility and allow us to interact with key stakeholders. We define sales incentive as incentive paid to our channel partners on achieving sales targets.

| | Six months ended | | Year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2015 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | |
| | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue |
| **Particulars** | | | | | | | | |
| Web publishing expenses | 44.36 | 2.91% | 89.02 | 3.02% | 72.79 | 2.88% | 42.17 | 1.96% |
| Technology subscription charges | 27.13 | 1.78% | 37.23 | 1.26 % | 29.67 | 1.17% | 23.69 | 1.10% |
| Fees for technical services | 60.99 | 4.01% | 119.23 | 4.05% | 78.41 | 3.10% | 43.85 | 2.04% |
| Power and fuel | 16.20 | 1.06% | 19.62 | 0.67% | 11.31 | 0.45% | 7.76 | 0.36% |
| Rent | 14.53 | 0.95% | 31.98 | 1.09% | 17.37 | 0.69% | 16.85 | 0.78% |
| Rates and taxes | 3.27 | 0.21% | 11.39 | 0.39% | 8.34 | 0.33% | 21.29 | 0.99% |
| Insurance | 4.37 | 0.29% | 2.61 | 0.09% | 0.44 | 0.02% | 0.27 | 0.01% |

| | Six months ended | | Year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2015 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | |
| | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue |
| Repairs and maintenance | | | | | | | | |
| Buildings | 5.53 | 0.36% | 4.99 | 0.17% | 3.35 | 0.13% | 2.91 | 0.14% |
| Others | 9.93 | 0.65% | 11.03 | 0.37% | 4.75 | 0.19% | 1.39 | 0.06% |
| CSR Expenditure | 2.44 | 0.16% | 2.43 | 0.08% | - | - | - | - |
| Sales incentive | 105.37 | 6.92% | 223.67 | 7.60% | 145.84 | 5.77% | 103.85 | 4.84% |
| Director sitting fees | 0.15 | 0.01% | - | - | - | - | - | - |
| Business promotion expenses | 54.58 | 3.58% | 134.53 | 4.57% | 109.70 | 4.34% | 70.48 | 3.28% |
| Advertising and sales promotion | 90.20 | 5.92% | 288.09 | 9.79% | 223.10 | 8.83% | 190.28 | 8.86% |
| Freight and forwarding Charges | 3.43 | 0.23% | 8.16 | 0.28% | 8.58 | 0.34% | 18.88 | 0.88% |
| Travelling and conveyance | 18.55 | 1.22% | 36.33 | 1.23% | 27.05 | 1.07% | 13.39 | 0.62% |
| Communication costs | 26.55 | 1.74% | 30.09 | 1.02% | 23.10 | 0.91% | 17.06 | 0.79% |
| Office expenses | 27.32 | 1.79% | 29.00 | 0.99% | 15.61 | 0.62% | 6.42 | 0.30% |
| Donations | | | | | | | | |
| Donations others | 0.20 | 0.01% | 0.84 | 0.03% | 1.13 | 0.04% | 5.62 | 0.26% |
| Donation to political parties | - | - | 2.50 | 0.08% | - | - | - | - |
| Legal and professional fees | 21.48 | 1.41% | 24.80 | 0.84% | 29.79 | 1.18% | 6.66 | 0.31% |
| Payment to statutory auditor | 2.64 | 0.17% | 3.66 | 0.12% | 1.96 | 0.08% | 1.09 | 0.05% |
| Foreign exchange loss (net) | - | - | 3.16 | 0.11% | 1.50 | 0.06% | 0.34 | 0.02% |
| Fixed assets written off | - | - | 0.08 | 0.00% | 0.12 | 0.00% | 0.22 | 0.01% |
| Deposits written off | - | - | - | - | - | - | 0.04 | 0.00% |
| Provision for doubtful debts and advances | 3.36 | 0.22% | 15.14 | 0.51% | 17.21 | 0.68% | 12.73 | 0.59% |
| Loss on sale of fixed assets (net) | - | - | - | - | 0.03 | 0.00% | - | - |
| Bad debts | 0.05 | 0.003% | 3.00 | 0.10% | - | - | 3.59 | 0.17% |
| Miscellaneous expenses | 6.21 | 0.41% | 11.66 | 0.40% | 9.65 | 0.38% | 6.85 | 0.32% |
| **Total** | **548.84** | **36.04%** | **1,144.24** | **38.88%** | **840.80** | **33.28%** | **617.68** | **28.76%** |

*Depreciation and Amortisation Expenses*

Depreciation and amortisation expenses includes amortisation of intangible assets such as computer software, as well as depreciation of tangible assets such as plant and equipment, buildings, vehicles, land, furniture, hoardings, fixtures, computers and office equipment. Depreciation and amortisation expenses as a percentage of our total revenue was 7.46%, 6.86%, 4.28% and 2.07% for the six months ended September 30, 2015 and fiscal years 2015, 2014 and 2013, respectively.

**Results of Operations**

The following table sets out select financial data from our restated consolidated statements of profit and loss for the fiscal years 2015, 2014 and 2013, the components of which are also expressed as a percentage of total revenue for such periods. The period−to−period comparison of results is not necessarily indicative of results for future periods.

| | Six months ended | | Year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2015 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | |
| | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue |
| **Income** | | | | | | | | |
| Revenue from operations (gross) | | | | | | | | |
| Sale of manufactured products | 19.24 | 1.26% | 25.89 | 0.88% | 20.01 | 0.79% | 2.98 | 0.14% |
| Sale of traded goods | 1,462.33 | 96.03% | 2,832.62 | 96.24% | 2,407.92 | 95.31% | 2,046.26 | 95.28% |

| | Six months ended | | Year ended | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2015 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | |
| | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue | ₹ in millions | % of total revenue |
| Sale of services | 0.27 | 0.02% | 2.64 | 0.09% | 0.46 | 0.02% | 0.89 | 0.04% |
| **Revenue from operations (gross)** | **1,481.84** | **97.31%** | **2,861.15** | **97.21%** | **2,428.39** | **96.12%** | **2,050.13** | **95.46%** |
| Less: Excise duty | - | - | - | 0.00% | 0.01 | 0.00% | 0.08 | 0.00% |
| **Revenue from operations (net)** | **1,481.84** | **97.31%** | **2,861.15** | **97.21%** | **2,428.38** | **96.12%** | **2,050.05** | **95.46%** |
| Other income | 40.90 | 2.69% | 82.22 | 2.79% | 97.93 | 3.88% | 97.50 | 4.54% |
| **Total revenue** | **1,522.74** | **100.00%** | **2,943.37** | **100.00%** | **2,526.31** | **100.00%** | **2,147.55** | **100.00%** |
| | | | | | | | | |
| **Expenses** | | | | | | | | |
| Raw materials consumed | 15.12 | 0.99% | 21.81 | 0.74% | 6.61 | 0.26% | 1.51 | 0.07% |
| Purchase of security software products | 51.94 | 3.41% | 149.04 | 5.06% | 123.40 | 4.88% | 106.26 | 4.95% |
| (Increase)/decrease in security software products | 8.83 | 0.58% | (13.07) | (0.44) % | (20.28) | (0.80) % | (12.58) | (0.59) % |
| Employee benefits expense | 417.12 | 27.39% | 641.10 | 21.78% | 434.07 | 17.18% | 285.57 | 13.30% |
| Operation and other expenses | 548.84 | 36.04% | 1,144.24 | 38.88% | 840.80 | 33.28% | 617.68 | 28.76% |
| Depreciation and amortisation expense | 113.53 | 7.46% | 202.00 | 6.86% | 108.15 | 4.28% | 44.39 | 2.07% |
| **Total expenses** | **1,155.38** | **75.88%** | **2,145.12** | **72.88%** | **1,492.75** | **59.09%** | **1,042.83** | **48.56%** |
| | | | | | | | | |
| **Restated profit before tax and exceptional items** | **367.36** | **24.12%** | **798.25** | **27.12%** | **1,033.56** | **40.91%** | **1,104.72** | **51.44%** |
| Exceptional items | - | - | - | 0.00% | 173.28 | 6.86% | - | 0.00% |
| | | | | | | | | |
| **Restated profit before tax and after exceptional item** | **367.36** | **24.12%** | **798.25** | **27.12%** | **860.28** | **34.05%** | **1,104.72** | **51.44%** |
| **Tax expense** | | | | | | | | |
| Current tax | 129.62 | 8.51% | 269. 44 | 9.15% | 320.89 | 12.70% | 331.11 | 15.42% |
| Deferred tax (credit)/charge | (4.50) | (0.30)% | (9.23) | (0.31) % | (44.43) | (1.76) % | 4.62 | 0.22% |
| **Total tax expense** | **125.12** | **8.22%** | **260.21** | **8.84%** | **276.46** | **10.94%** | **335.73** | **15.63%** |
| **Restated profit for the period/ year** | **242.24** | **15.91%** | **538.04** | **18.28%** | **583.82** | **23.11%** | **768.99** | **35.81%** |

**Six months ended September 30, 2015**

***Income***

Revenue from operations (gross) for the six months ended September 30, 2015 totalled ₹1,481.84 million primarily on account of higher sales of traded goods which include packaged antivirus and anti-malware products on CDs and DVDs.

Other income for the six months ended September 30, 2015 totalled ₹40.90 million primarily on account of returns on investments made in short term funds.

Total revenue for the six months ended September 30, 2015 totalled ₹1,522.74 million on account of the above reasons.

***Expenses (other than tax and exceptional items)***

Total expenses, excluding tax expenses and exceptional items, totalled ₹1,155.38 million for the six months ended September 30, 2015.

- Raw materials consumed was ₹15.12 million for the six months ended September 30, 2015. This was primarily on account of purchase of hardware equipment required for our UTM solutions.

- Our purchase of security software products such as CDs and DVDs which are loaded with our antivirus and anti-malware solutions, packaging boxes and stamper costs totalled ₹51.94 million for the six months ended September 30, 2015. This was in line with the increased sales of security software products by our Company.

- For the six months ended September 30, 2015, the decrease in the inventory of security software products totalled ₹8.83 million.

- Employee benefits expense was ₹417.12 million for the six months ended September 30, 2015. This reflects an increase in planned investments by way of hiring of additional personnel.

- Operation and other expenses was ₹548.84 million or the six months ended September 30, 2015. This largely reflects an increase in our spending on technology subscription charges, fees for technical services, sales incentive, business promotion expenses and advertising and sales promotion.

    1. Technology subscription charges totalled ₹27.13 million for the six months ended September 30, 2015. Fees for technical services totalled ₹60.99 million for the six months ended September 30, 2015.

    2. Sales incentive totalled ₹105.37 million for the six months ended September 30, 2015. Sales incentive increased in line with the increase in sales of our traded goods and solutions as during this period, we rolled out various incentive schemes for our channel partners, especially retail and mobile channel partners.

    3. Business promotion expenses totalled ₹54.58 million for the six months ended September 30, 2015 on account of the distribution of various gifts and prizes to our channel partners and end users, payment for travel and tour charges for winners of various schemes, as well as on account of participation in various industry conferences and exhibitions.

    4. Expenditure on advertising and sales promotion totalled ₹90.20 million for the six months ended September 30, 2015 on account of continued investment in brand building and advertising across a variety of medium including television and digital.

    5. Depreciation and amortisation expenses was ₹113.53 million for the six months ended September 30, 2015. During this period, we capitalised certain properties owned by us including our registered and corporate office at Marvel Edge in Pune. We also purchased certain assets such as IT servers and storage devices.

***Restated profit before tax and exceptional items***

Restated profit before tax and exceptional items, defined as total revenue less expenses (other than tax and any exceptional items) was ₹367.36 million for the six months ended September 30, 2015 principally on account of the reasons described above.

***Exceptional items***

There were no exceptional items for the six months ended September 30, 2015.

***Total tax expense***

Total tax expense was ₹125.12 million for the six months ended September 30, 2015.

***Restated profit for the period***

Principally on account of the reasons mentioned above, restated profit for the period totalled ₹242.24 million for the six months ended September 30, 2015.

**Fiscal year 2015 compared to fiscal year 2014**

***Income***

Revenue from operations (gross) in fiscal year 2015 increased by 17.82% to ₹ 2,861.15 million compared with ₹ 2,428.39 million in fiscal year 2014 primarily on account of higher sales of our security software products. In fiscal year 2015, we introduced new solutions for our enterprise customers under the "Seqrite" brand and also introduced a new Quick Heal Gadget Securance solution for smartphones/ mobile devices.

Other income for fiscal year 2015 decreased by 16.04% to ₹ 82.22 million, compared with ₹ 97.93 million in fiscal year 2014 primarily on account of lower yield on investments and the liquidation of some of our investments for the purchase of office property.

Total revenue for fiscal year 2015 increased by 16.51% to ₹ 2,943.37 million, compared with ₹ 2,526.31 million in fiscal year 2014 on account of the above reasons.

***Expenses (other than tax and exceptional items)***

Total expenses, excluding tax expenses and exceptional items, grew to ₹ 2,145.12 million in fiscal year 2015, a 43.70% increase over the fiscal year 2014 figure of ₹ 1,492.75 million.

- Raw materials consumed was ₹ 21.81 million in fiscal year 2015, a 229.95% increase over the fiscal year 2014 figure of ₹ 6.61 million. This was primarily on account of increase in our purchase of hardware equipment required for UTM solutions.

- Our purchase of security software products such as CDs and DVDs which are loaded with our antivirus and anti-malware solutions, packaging boxes and stamper costs totalled ₹ 149.04 million in fiscal year 2015, a 20.78% increase over the fiscal year 2014 figure of ₹ 123.40 million. This was in line with the increased sales of security software products by our Company.

- In fiscal year 2015, the increase in the inventory of security software products totalled ₹ 13.07 million compared to ₹ 20.28 million for fiscal year 2014.

- Employee benefits expense was ₹ 641.10 million in fiscal year 2015, a 47.70% increase over the fiscal year 2014 figure of ₹ 434.07 million. This reflects an increase in planned investments by way of hiring of additional personnel, especially within the R&D and the Sales & Marketing teams. The R&D team increased from 318 employees as at March 31, 2014 to 433 employees as at March 31, 2015. The Sales & Marketing team increased from 265 employees as at March 31, 2014 to 312 employees as at March 31, 2015.

- Operation and other expenses was ₹ 1,144.24 million in fiscal year 2015, a 36.09% increase over the fiscal year 2014 figure of ₹ 840.80 million. This largely reflects an increase in our spending on technology subscription charges, fees for technical services, sales incentive, business promotion expenses and advertising and sales promotion.

    1. Technology subscription charges increased to ₹ 37.23 million in fiscal year 2015, a 25.48% increase over the fiscal year 2014 figure of ₹ 29.67 million. Fees for technical services increased to ₹ 119.23 million in fiscal year 2015, a 52.06% increase over the fiscal year 2014 figure of ₹ 78.41 million. Fiscal year 2015 saw an increase in technology subscription charges and fees for technical services on account of additional testing fees incurred by our Company for testing our new products as well as existing products with new features, and for the use of technology licensed from third parties for new products.

    2. Sales incentive increased to ₹ 223.67 million in fiscal year 2015, a 53.37% increase over the fiscal year 2014 figure of ₹ 145.84 million. In fiscal year 2015, we introduced various incentive schemes for our certain of our channel partners to boost their motivation and encourage greater engagement of our partners with our solutions. These incentives were in line with the increased sales of our

solutions.

3. Business promotion expenses increased to ₹ 134.53 million in fiscal year 2015, a 22.63% increase over the fiscal year 2014 figure of ₹ 109.70 million on account of the distribution of various gifts and prizes to our channel partners and end users, payment for travel and tour charges for winners of various schemes, as well as on account of participation in various industry conferences and exhibitions.

4. Expenditure on advertising and sales promotion increased to ₹ 288.09 million in fiscal year 2015, a 29.13% increase over the fiscal year 2014 figure of ₹ 223.10 million on account of continued investment in brand building and advertising.

- Depreciation and amortisation expenses was ₹ 202.00 million in fiscal year 2015, an 86.78% increase over the fiscal year 2014 figure of ₹ 108.15 million. This reflects the impact of depreciation on the investments made by our Company, as we opened new offices in fiscal year 2015 and incurred expenses on furniture and fixtures at these offices. In addition, during fiscal year 2015, we aligned our depreciation policy with the requirements of schedule II of the Companies Act, 2013. We reviewed the useful life of existing assets as per the provisions under schedule II and in accordance with the relevant guidance note of Institute of Chartered Accountants in India ("**ICAI**"). This resulted in an additional change of depreciation amounting to ₹ 38.30 million in fiscal year 2015 on account of revision of depreciation over the past year.

***Restated profit before tax and exceptional items***

Restated profit before tax and exceptional items, defined as total revenue less expenses (other than tax and any exceptional items), decreased by 22.77% to ₹ 798.25 million in fiscal year 2015 compared with ₹ 1,033.56 million in fiscal year 2014, principally on account of the reasons described above.

***Exceptional items***

There were no exceptional items in fiscal year 2015.

***Total tax expense***

Total tax expense reduced to ₹ 260.21 million in fiscal year 2015 from ₹ 276.46 million in fiscal year 2014, due largely to the decrease in our current tax (₹ 269.44 million in fiscal year 2015 compared with ₹ 320.89 million in fiscal year 2014) and a decrease in deferred tax credit (₹ 9.23 million in fiscal year 2015 compared with ₹ 44.43 million in fiscal year 2014). Our total tax expense also decreased on account of lower restated profit before tax and exceptional items which was ₹ 798.25 million for fiscal year 2015 as compared with ₹ 1,033.56 million for fiscal year 2014.

***Restated profit for the year***

Principally on account of the reasons mentioned above, restated profit for the year decreased by 7.84% to ₹ 538.04 million in fiscal year 2015 compared with ₹ 583.82 million in fiscal year 2014.

**Fiscal year 2014 compared to fiscal year 2013**

***Income***

Revenue from operations (gross) in fiscal year 2014 increased by 18.45% to ₹ 2,428.39 million compared with ₹ 2,050.13 million in fiscal year 2013 primarily on account of higher sales of our security software products**.**

Other income for fiscal year 2014 increased by 0.44% to ₹ 97.93 million, compared with ₹ 97.50 million in fiscal year 2013.

Total revenue for fiscal year 2014 increased by 17.64% to ₹ 2,526.31 million, compared with ₹ 2,147.55 million in fiscal year 2013, primarily on account of the reasons discussed above.

***Total Expenses (other than tax and exceptional items)***

Total expenses, excluding tax expenses and exceptional items, grew to ₹ 1,492.75 million in fiscal year 2014, a 43.14% increase over the fiscal year 2013 figure of ₹ 1,042.83 million.

- Raw materials consumed was ₹ 6.61 million in fiscal year 2014, a 337.75% increase over the fiscal year 2013 figure of ₹ 1.51 million. This was primarily because of purchase of hardware equipment required for our UTM solutions.

- Our purchase of security software products such as CDs and DVDs which are loaded with our antivirus and anti-malware solutions, packaging boxes and stamper costs totalled ₹ 123.40 million in fiscal year 2014, a 16.13% increase over the fiscal year 2013 figure of ₹ 106.26 million. This was in line with the increased sales of security software products by our Company.

- In fiscal year 2014, the net increase in the inventory of security software products totalled ₹ 20.28 million compared to ₹ 12.58 million for fiscal year 2013.

- Employee benefits expense was ₹ 434.07 million in fiscal year 2014, a 52.00% increase over the fiscal year 2013 figure of ₹ 285.57 million. This reflects an increase in planned investments by way of hiring of additional personnel, especially within the R&D and the Sales & Marketing teams. The R&D team increased from 191 employees as at March 31, 2013 to 318 employees as at March 31, 2014. The Sales & Marketing team increased from 166 employees as at March 31, 2013 to 265 employees as at March 31, 2014.

- Operation and other expenses was ₹ 840.80 million in fiscal year 2014, a 36.12% increase over the fiscal year 2013 figure of ₹ 617.68 million. This largely reflects an increase in our spending on fees for technical services, sales incentive, advertising and sales promotion and business promotion expenses.

    1. Fees for technical services increased to ₹ 78.41 million in fiscal year 2014, a 78.81% increase over the fiscal year 2013 figure of ₹ 43.85 million on account of charges paid for global view URL and anti-spam, and zero hour web security for UTM approved product (URL filter).

    2. Sales incentives increased to ₹ 145.84 million in fiscal year 2014, a 40.43% increase over the fiscal year 2013 figure of ₹ 103.85 million, on account of an increase in our sales and the number of channel partners that we work with.

    3. Business promotion expenses increased to ₹ 109.70 million in fiscal year 2014, a 55.65% increase over the fiscal year 2013 figure of ₹ 70.48 million on account of purchase of gifts distributed to our channel partners and end users, expenses incurred on arranging an annual meeting for channel partners, and our participation in various industry conferences and exhibitions.

    4. Expenditure on advertising and sales promotion increased to ₹ 223.10 million in fiscal year 2014, a 17.25% increase over the fiscal year 2013 figure of ₹ 190.28 million, on account of continued investment in brand building and advertising.

- Depreciation and amortisation expenses was ₹ 108.15 million in fiscal year 2014, a 143.64% increase over the fiscal year 2013 figure of ₹ 44.39 million. This reflects additional spending on acquiring fixed assets for our R&D team and the opening of new sales offices. In fiscal year 2014, we also made additional investments in electrical equipment and computers.

***Restated profit before tax and exceptional items***

Restated profit before tax and exceptional items, defined as total revenue less total expenses (other than tax and exceptional items), decreased by 6.44% to ₹ 1,033.56 million in fiscal year 2014 compared with ₹ 1,104.72 million in fiscal 2013, principally on account of the reasons described above.

***Exceptional items***

We recorded exceptional items of ₹ 173.28 million for fiscal year 2014, on account of the following two reasons:

1. During the year ended March 31, 2014, one of our distributors (which we refer to as our channel partners) defaulted in making payments and we initiated legal proceedings against him. We made a provision for ₹ 163.79 million for fiscal year 2014.

2. During the year ended March 31, 2014, an employee of our Company approved sales invoices with differential pricing terms amounting to ₹ 11.43 million to certain companies formed by him and his relatives. Trade receivables amounting to ₹ 18.37 million with respect to such companies were outstanding (and provided for) as at the year then ended. The employee was dismissed by our Company and appropriate legal action was initiated by our Company. We filed a legal claim amounting to ₹ 50.00 million for losses including breach of trust and loss of goodwill. Further, an amount of ₹ 9.49 million was provided for during the year ended March 31, 2014.

***Total tax expense***

Total tax expense reduced to ₹ 276.46 million in fiscal year 2014 from ₹ 335.73 million in fiscal year 2013, due largely to the decrease in our current taxes (₹ 320.89 million in fiscal year 2014 compared with ₹ 331.11 million in fiscal year 2013) and an increase in deferred tax credit (to ₹ 44.43 million in fiscal year 2014 compared with a charge of ₹ 4.62 million in fiscal year 2013). Our total tax expense also decreased on account of lower restated profit before tax and exceptional items which was ₹ 1,033.56 million for fiscal year 2014 as compared with ₹ 1,104.72 million for fiscal year 2013.

***Restated profit for the year***

Principally on account of the reasons described above, restated profit for the year decreased by 24.08% to ₹ 583.82 million in fiscal year 2014 compared with ₹ 768.99 million in fiscal year 2013.

**Gross Profit, Gross Margin, EBITDA and EBITDA Margin**

We monitor certain key business metrics to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. We have presented Gross Profit, Gross Margin, EBITDA and EBITDA Margin, all of which are non-GAAP financial measures below.

We define Gross Profit as revenue from operations (net) less raw materials consumed, purchase of security software products, (increase)/decrease in security software products, web publishing expenses and freight and forwarding expenses. We define Gross Margin as Gross Profit divided by revenue from operations (net).

We define EBITDA as earnings before interest, tax, depreciation and amortisation being earning before finance cost, tax and depreciation and amortisation and exceptional items, calculated as revenue from operations (net) less total expenses (expenses other than depreciation and amortisation, exceptional items, finance cost and tax). We define our EBITDA Margin as EBITDA divided by revenue from operations (net).

| | **Six months Ended (₹ in millions)** | **Year Ended (₹ in millions)** | | |
|---|---|---|---|---|
| | **September 30, 2015** | **March 31, 2015** | **March 31, 2014** | **March 31, 2013** |
| Gross Profit | 1,358.16 | 2,606.19 | 2,237.28 | 1,893.81 |
| Gross Margin | 91.65% | 91.09% | 92.13% | 92.38% |
| EBITDA | 439.99 | 918.03 | 1,043.78 | 1,051.61 |
| EBITDA Margin | 29.69% | 32.09% | 42.98% | 51.30% |

Gross Profit, Gross Margin, EBITDA and EBITDA Margin are not measurements of financial profitability or liquidity under GAAP and should not be considered as an alternative to performance measures derived in accordance with GAAP.

We make no representations as to the methodologies used to define and/or calculate Gross Profit, Gross Margin, EBITDA and EBITDA Margin or whether these reflect an appropriate measure of our Company's operating performance.

In addition, these are not standardised terms, hence a direct comparison between companies using such a term may not be possible. Our use of Gross Profit, Gross Margin, EBITDA and EBITDA Margin thus has limitations as an analytical tool, and you should not consider them either in isolation or as a substitute for analysis of our financial results as reported under Indian GAAP. Because of these and other limitations, you should consider Gross Profit, Gross Margins, EBITDA and EBITDA Margin along with other GAAP-based financial performance measures, including various cash flow metrics, profit or loss after tax, and our Indian GAAP financial results.

**Reconciliation of Financial Measures**

The following is a reconciliation of our revenue from operations (net) to our definitions of Gross Profit and Gross Margin.

***Reconciliation of Gross Profit and Gross Margin to Revenue from Operations (Net)***

| | Six months Ended (₹ in millions) | | Year Ended (₹ in millions) | |
|---|---|---|---|---|
| | **September 30, 2015** | **March 31, 2015** | **March 31, 2014** | **March 31, 2013** |
| **Revenue from Operations (net)** | **1,481.84** | **2,861.15** | **2,428.38** | **2,050.05** |
| Less: Direct Expenses | | | | |
| Raw materials consumed | 15.12 | 21.81 | 6.61 | 1.51 |
| Purchase of security software products | 51.94 | 149.04 | 123.40 | 106.26 |
| (Increase )/decrease in security software products | 8.83 | (13.07) | (20.28) | (12.58) |
| Web publishing expenses | 44.36 | 89.02 | 72.79 | 42.17 |
| Freight and forwarding Charges | 3.43 | 8.16 | 8.58 | 18.88 |
| **Total Direct Expenses** | **123.68** | **254.96** | **191.10** | **156.24** |
| Gross Profit | 1,358.16 | 2,606.19 | 2,237.28 | 1,893.81 |
| Gross Margin (in %) | 91.65% | 91.09% | 92.13% | 92.38% |

The following is a reconciliation of our restated profit for the period/ year to our definitions of EBITDA and EBITDA Margin.

***Reconciliation of EBITDA and EBITDA Margin to Restated Profit for the Period/ Year***

| | Six months Ended (₹ in millions) | | Year Ended (₹ in millions) | |
|---|---|---|---|---|
| | **September 30, 2015** | **March 31, 2015** | **March 31, 2014** | **March 31, 2013** |
| **Restated profit for the period/ year** | **242.24** | **538.04** | **583.82** | **768.99** |
| Adjustments: | | | | |
| Add: Exceptional Items | 0 | 0 | 173.28 | 0 |
| Add: Total Tax Expense | 125.12 | 260.21 | 276.46 | 335.73 |
| Add: Finance Cost | 0 | - | - | - |
| Add: Depreciation and Amortisation | 113.53 | 202.00 | 108.15 | 44.39 |
| Less: Other Income | (40.90) | (82.22) | (97.93) | (97.50) |
| Total Adjustments | 197.75 | 379.99 | 459.96 | 282.62 |
| EBITDA | 439.99 | 918.03 | 1,043.78 | 1,051.61 |
| EBITDA margin (in%) | 29.69% | 32.09% | 42.98% | 51.30% |

**Liquidity and Capital Resources**

Our primary liquidity and funding needs have been for working capital and capital expenditures. To fund these requirements in recent periods, we have primarily relied on our cash flow from operations.

We believe that our current cash and cash equivalents and the cash flow from operations, along with the expected net proceeds from this Issue, will be sufficient to meet our anticipated working capital and capital expenditure requirements, as well as other operating needs under our current business plans for the next 12 – 24 months. However, we cannot assure you that our anticipated capital requirements will not increase or that the expected cash flow from operations will not decrease from our current expectations over the next 12 – 24 months. In such an event, we may also source additional funds from external sources such as bank loans and debt.

Our anticipated cash flow from operations depends on several factors beyond our control, such as the competitive landscape, pricing of our solutions, the demand and supply for our solutions, inflation and foreign currency exchange rates. Our ability to obtain adequate financing to satisfy demands on liquidity may be limited by our financial condition and results of operations and liquidity of international and domestic financial markets. In the event that we cannot meet our liquidity and funding requirements with internally generated cash flows, we may seek other external sources of funding. We cannot assure you that we will be able to obtain suitable financing arrangements for our future liquidity and funding needs.

As of September 30, 2015, we had current investments totalling ₹ 959.49 million ***w***hich comprised investments in mutual funds (quoted). As of September 30, 2015, we had cash and bank balances of ₹ 105.21 million. As of September 30, 2015, our net working capital, defined as the difference between current assets and current liabilities, was ₹ 1,362.41 million.

As of March 31, 2015, we had current investments totalling ₹ 1,296.08 million which comprised investments in mutual funds (quoted). As of March 31, 2015, we had cash and bank balances of ₹ 126.40 million. As of March 31, 2015, our net working capital, defined as the difference between current assets and current liabilities, was ₹ 1,240.19 million.

**Cash flows**

We derive revenue from the sale of security software products such as packaged antivirus and anti-malware products on CDs and DVDs and sale of manufactured products such as UTM, in line with our main business activity, and the sale of services such as customised software. We recognise such revenue as income in the books of accounts in accordance with accepted revenue recognition norms. See "—*Significant Accounting Policies*" beginning on page 306.

We have had positive cash flows in each of the last five fiscal years. In addition, our cash flow streams result in us making certain short term and long-term investments, which we utilise to meet our liquidity requirements from time to time.

The table below summarises our cash flows for the six months ended September 30, 2015 and fiscal years 2015, 2014 and 2013:

| | **Six months Ended (₹ in millions)** | **Year Ended (₹ in millions)** | | |
|---|---|---|---|---|
| | **September 30, 2015** | **March 31, 2015** | **March 31, 2014** | **March 31, 2013** |
| Net cash flow from operating activities | 341.12 | 772.05 | 607.02 | 676.61 |
| Net cash (used in)/ generated from investing activities | 122.71 | (525.31) | (594.31) | (625.64) |
| Net cash (used in)/generated from financing activities | (485.11) | (174.97) | (22.32) | (13.31) |

| | Six months Ended (₹ in millions) | Year Ended (₹ in millions) | | |
|---|---|---|---|---|
| | September 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| **Net increase / (decrease) in cash and cash equivalents** | (21.28) | **71.77** | **(9.61)** | **37.66** |

**Operating activities**

Our operating activities have consistently generated cash on a net basis in recent periods. Our net cash flow from operating activities in recent periods largely reflects the growth in our operating profit, as supplemented or offset (depending on the period) by changes in working capital and direct taxes paid (net of refunds). For the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, our operating profit before working capital changes was ₹ 448.48 million, ₹ 939.69 million, ₹ 1,062.86 million and ₹ 1,075.88 million, respectively.

We expect to continue generating positive cash flow from our operations. However, we cannot predict whether current trends and conditions will continue or what the effect on our business might be from the competitive environment in which we operate.

**Investing activities**

Our investing activities in recent periods have, on a net basis, used cash. Net cash used in investing activity has been driven to a large extent by consistent and growing purchases of tangible and intangible assets, as well as due to increase in current investments. For the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, our payments for the purchases of tangible assets and intangible assets (including capital work in progress and capital advances) totalled ₹ 250.94 million, ₹ 660.98 million, ₹ 772.01 million and ₹ 332.56 million, respectively. For the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, our payments for purchases of current investments, consisting primarily of debt mutual funds, in those periods totalled ₹ 1,035.06 million, ₹ 167.79 million, ₹ 3,732.61 million and ₹ 3,046.70 million, respectively, and our proceeds from the sale of current investments totalled ₹ 1,379.00 million, ₹ 199.21 million, ₹ 3,829.54 million and ₹ 2,669.08 million, respectively.

**Financing activities**

Net cash flow from financing activities in recent periods has been negative and reflects the dividends paid by the Company, and taxes on dividends paid. In fiscal years 2015, 2014 and 2013, dividend paid on equity shares was ₹ 149.55 million, ₹ 19.08 million and ₹ 11.45 million, respectively. For the six months ended September 30, 2015**,** dividend paid on equity shares was ₹ 403.06 million.

**Total debt**

As of September 30, 2015, we had no secured or unsecured short-term or long-term debt.

**Capital commitments**

As of September 30, 2015, our contracts remaining to be executed on our capital account and not provided for were for ₹ 72.35 million.

| | Payment due by period (₹ in million) | | | |
|---|---|---|---|---|
| | Total | Less than 1 year | 1-5 years | More than 5 years |
| Capital Commitments (net of advances and deposits) | 72.35 | 72.35 | - | - |

**Contingent liabilities and off-balance sheet arrangements**

As of September 30, 2015, we did not have any material contingent liabilities other than those disclosed below, which are also disclosed in our Restated Consolidated Summary Statements, in accordance with the provisions of Accounting Standard 29 — "Provisions, Contingent Liabilities and Contingent Assets."

| Particulars | Six months ended September 30, 2015 | Fiscal year 2015 | Fiscal year 2014 | Fiscal year 2013 |
|---|---|---|---|---|
| Income tax | 3.50 | 3.50 | 3.50 | - |
| Excise duty | - | - | - | 0.02 |
| Service tax | 627.31 | 627.31 | - | - |
| HP VAT Act | - | - | - | 230.63 |
| Kerala VAT Act | 0.15 | 0.15 | - | - |
| **Total** | **630.96** | **630.96** | **3.50** | **230.65** |

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

**Capital expenditures**

Our capital expenditures are mainly related to the purchase of real estate, fixed assets and intangibles, principally plant and machinery, office equipment, furniture and fixtures, computer and network equipment. The primary source of financing for our capital expenditures has been our cash from operations.

The table below provides details of our net cash outflow or inflow on capital expenditures for the periods stated:

| Particulars | Six months ended September 30, 2015 | Fiscal year 2015 | Fiscal year 2014 | Fiscal year 2013 |
|---|---|---|---|---|
| Purchase of tangible and intangible assets (including capital work-in-progress and capital advances), net off proceeds from sale of tangible and intangible assets | 250.90 | 659.85 | 771.34 | 332.41 |

Our historical capital expenditure has been primarily towards purchase of software and equipment such as computers and servers as well as acquisition of land, office space and fixtures. The primary source of financing for our capital expenditures has been our cash from operations.

**Quantitative and Qualitative Disclosure about Market Risk**

The following discussion summarises our exposure to certain market risks and the steps we have taken to address these risks. It is difficult to accurately predict changes in economic or market conditions and anticipate the effects of such changes.

**Market price risk**

A portion of our current assets has in recent periods been invested in mutual fund units, which subjects us to market price risk based principally on the net asset value of these funds' portfolio investments and interest rate movement. As of September 30, 2015, March 31, 2015, 2014 and 2013, our investment in mutual funds (quoted) totalled ₹ 959.49 million, ₹ 1,296.08 million, ₹ 1,313.76 million and ₹ 1,393.77 million, respectively. The assets of the funds we invest in are principally comprised of Indian debt instruments. Debt instruments are subject to risks, including fluctuation in market prices and interest rates and creditworthiness of the underlying debt.

**Counterparty Credit Risk**

We are exposed to the credit risk of our clients. We seek to minimise credit risk by limiting business dealings to business partners of high creditworthiness. We also monitor our receivables on a monthly basis. As of September 30, 2015 and March 31, 2015 we had current trade receivables of ₹ 575.42 million and ₹ 647.56 million, respectively. We make doubtful debt provisions for trade receivables that are due for more than one year in accordance with our policies. For the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, we made provisions for doubtful debts and advances of ₹ 3.36 million, ₹ 15.14 million, ₹ 17.21 million and ₹ 12.73 million, respectively. For the six months ended September 30, 2015 and for fiscal years 2015, 2014 and 2013, we had bad debts of ₹ 0.05 million, ₹ 3.00 million, nil and ₹ 3.59 million, respectively.

During the year ended March 31, 2014, one of our distributors (which we refer to as our channel partners) defaulted in making payments and we initiated legal proceedings against him. We made a provision for ₹ 163.79 million for fiscal year 2014.

**Foreign currency exchange rate risk**

We face foreign currency exchange rate risk because revenues of our international Subsidiaries are denominated in foreign currencies such as the U.S. Dollar, the Japanese Yen, the Kenyan Shilling and the UAE Dirham. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

As our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we may consider hedging arrangements.

**Interest rate risk**

We may become subject to interest risk if we undertake debt financing. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which may affect our results of operations.

Our cash and cash equivalents are placed with banks and mutual funds schemes that the management believes to be of high quality.

**Transactions with Related Parties**

From time to time, we enter into transactions with companies which are controlled by members of our Promoter Group and other related parties in the ordinary course of our business. For six months ended September 30, 2015 and for the fiscal year 2015, we did not earn any revenue from related parties as defined under Accounting Standard — 18. For further details on our related party transactions, see "*Related Party Transactions*" on page 190.

**Inflation and Seasonality**

According to data from the RBI, the average annual rate of inflation as measured by changes in the wholesale price index was 7.4% in fiscal year 2013 and 5.9% in fiscal year 2014 and 3.4% in fiscal year 2015. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs.

Our quarterly operating results have been, and will continue to be, subject to variation, depending on several factors that may cause us to record higher revenue in some quarters compared with others. In addition, if our rate of growth slows over time, our operating and net profit margins and our operating and net income may decline, our EBITDA and EBITDA margins may be adversely affected and seasonal or cyclical variations in our operations may become more pronounced, and our business, results of operations and financial position may be adversely affected. For details, see "*Risk Factors — Our quarterly operating results vary and hence a comparison of our quarterly results may not be meaningful*" on page 21.

**Additional Information**

*Material increases in net revenues and sales*

As described in detail under *"—Results of Operations —Fiscal year 2015 compared to fiscal year 2014*" and "*— Fiscal year 2014 compared to fiscal year 2013*" on pages 323 and 324, respectively, material increases in net revenues and sales are primarily due to increased sales volume.

*Total turnover of each major industry segment in which the company operated*

We have one primary business activity and operate in one industry segment, which is security software solutions.

*Unusual or infrequent events or transactions*

There have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

*Known trends or uncertainties*

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*— Key Factors Affecting Our Results of Operations*" which may cause our operating and net profit margins and our operating and net income to decline and adversely impact our EBITDA and EBITDA margins, and the uncertainties described in the section "*Risk Factors*" on page 17. To our knowledge, except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse effect on our income or revenue from operations.

*Future relationships between costs and income*

Other than as described in the sections "*Risk Factors*," "*Our Business*" on pages 17 and 140, respectively, and this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

*New product or business segments*

Other than as described in the section "*Our Business — Strategies*" on page 144, we have not announced and do not expect to announce in the near future any new products or business segments.

*Competitive conditions*

Our industry is competitive and we compete on the basis of a number of factors, including reliability, past performance, strengths in various geographic markets, technological capabilities, and price. For further details, please see the sections "*Risk Factors*" and "*Our Business*" on pages 17 and 140, respectively.

*Significant dependence on suppliers or customers*

Other than as described in the section "*Risk Factors*" on page 17, we do not have any material dependence on suppliers or customers.

*Significant economic changes that materially affected or are likely to affect income from continuing operations*

Other than as described in the section "*Risk Factors*" on page 17 and as otherwise disclosed in this Prospectus, we are not aware of any significant economic changes that materially affected or are likely to affect income from continuing operations.

*Significant developments subsequent to March 31, 2015*

To our knowledge, except as otherwise disclosed in this Prospectus, there have been no significant developments after the date of our financial statements contained in this Prospectus which materially affect, or are likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities, within the next 12 months.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no:*

A. *(i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors, Promoters or Subsidiaries.*

*Our Board, in its meeting held on September 24, 2015, determined that outstanding legal proceedings involving the Company, Subsidiaries, Directors and Promoters: (a) where the amount involved, to the extent quantifiable, is more than 1% of the profit after tax of our Company as per last audited financial statements; or (b) whose outcome could have a material impact on the business, operations , prospects or reputation of our Company, will be considered as material litigation ("**Material Litigation**").*

B. *(i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries; or (vi) material frauds committed against our Company in the last five years.*

C. *(i) outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.*

*Our Board, in its meeting held on September 24, 2015, determined that outstanding dues to creditors in excess of 5% of our Company's consolidated trade payables as per last audited financial statements shall be considered as material dues ("**Material Dues**"). Details of outstanding dues to creditors including small scale undertakings as required under the SEBI ICDR Regulations have been disclosed on our website at www.quickheal.com*

*All terms defined in a particular litigation are for that particular litigation only.*

**Litigation involving our Company**

***Litigation against our Company***

*Criminal proceedings*

1. Our Company, on behalf of our Directors Kailash Sahebrao Katkar and Mehul Mulchand Savla, had received two letters from the Special Investigation Unit of Police Station at Baddi, Himachal Pradesh in July 2014 to provide certain documents and join in investigation in relation to the first information report filed by Umesh Gupta, director of Softalk Technologies Limited ("**SFL**") with Baddi Police Station, Himachal Pradesh against Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Mehul Mulchand Savla and others (the "**Accused**") (the "**FIR**"). The FIR alleges cheating, forgery and criminal conspiracy by the Accused in relation to a business arrangement of manufacturing of CDs/DVDs by SFL for our Company. Umesh Gupta has further alleged in the FIR that i) our Company has misrepresented SFL as the manufacturer of our Company's anti-virus software CDs/DVDs manufactured in Pune; ii) our Company has evaded tax; and iii) an amount of ₹ 6,500,000 million is recoverable from our Company. However, in the Writ Petition (defined hereinbelow), the amount stated by Umesh Gupta as recoverable from our Company is ₹ 65.6 million. The Accused are in the process of filing a quashing petition before High Court of Himachal Pradesh at Shimla (the "**High Court**") against the FIR.

   Umesh Gupta has further filed a writ petition before the High Court against State of Himachal Pradesh, Director General of Police, Himachal Pradesh, Superintendent of Police, Baddi District, Himachal Pradesh, our Company, Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Mehul Mulchand Savla and others against the decision of the police to prepare and submit a cancellation report for closure of the FIR

without proper investigation (the "**Writ Petition**"). Umesh Gupta has sought for direction against the State of Himachal Pradesh to hand over the investigation of the FIR to Central Bureau of Investigation or a special investigation team constituted by the High Court. These matters are pending.

The Writ Petition also refers to i) a complaint dated September 14, 2012 filed by Umesh Gupta before the Joint Commissioner of Police, Economic Offence Wing, Delhi Police alleging the Accused of cheating and forgery; ii) a complaint dated August 11, 2014 filed by Umesh Gupta before the C.R Park Police Station, New Delhi alleging threats from the Accused to withdraw the FIR; iii) first information reports filed by Umesh Gupta with the Surajpur Police Station alleging undue pressure by the Accused to withdraw the FIR; and iv) letters/emails written to various authorities by Umesh Gupta in relation to the complaints and first information reports aforesaid. Our Company or the Accused have not received any communication in respect of the aforesaid complaints or the first information report till date.

*Civil proceedings*

1. NCS Computech Limited ("**NCS**") has filed a title suit dated February 6, 2016 before the Civil Judge (Senior Division) Serampur Court (the "**Court**") against our Company and others alleging continued illegal usage of the brand "Total Security" by our Company, intellectual property rights of which allegedly belongs to NCS. NCS has sought for, *inter alia*, i) a direction that NCS holds all subsisting rights to the brand "Total Security"; ii) a direction to appoint a fit and proper person to enquire into the damages payable by our Company for alleged continuous illegal use of the brand "Total Security"; iii) direction for damages payable by our Company to NCS for alleged continuous illegal use of the brand "Total Security"; iv) a permanent and a mandatory injunction restraining our Company from alleged illegal usage of the brand "Total Security"; and v) costs and interest from our Company. NCS has also filed an injunction application before the Court to, *inter alia*, temporarily restrain our Company from alleged illegal usage of the brand "Total Security" and a direction to appoint a fit and proper person to cause search and take custody of all products sold under the brand "Total Security", (the "**Injunction Application**"). The next date of hearing of the Injunction Application is on February 17, 2016 along with filing of our Company's objections to the Injunction Application. The matter is currently pending.

*Tax proceedings*

1. Additional Director General, Directorate General of Central Excise Intelligence, New Delhi ("**ADG**") has issued a show cause cum demand notice dated February 2, 2015 (the "**SCN**") to our Company seeking a response, inter alia, as to why service tax of ₹ 627.30 million and interest should not be demanded and recovered from our Company for the period March 1, 2011 to March 31, 2014 along with imposition of penalties under the applicable provisions of the Finance Act, 1994 for alleged failure to pay due service tax, non-filing of proper service tax returns, wilful suppression of material facts and contravention of provisions of the Finance Act, 1994 with the intent to evade payment of service tax.

   The SCN is in relation to applicability of service tax on anti-virus software in CDs supplied by our Company through distributors. In the SCN, the ADG has alleged, inter alia, that: (i) supplying the anti-virus software replicated CD in retail packs along with the license key amounts to provision of service and accordingly, our Company is liable to pay service tax for such supply; (ii) since our Company has been paying service tax for the anti-virus software sold by it online, our Company ought to have paid service tax for the anti-virus software replicated CDs supplied in retail packs through distributors; (iii) the area based exemption on excise duty available at Baddi in Himachal Pradesh and Rudrapur in Uttaranchal is applicable on the basic cost of manufacturing CD only and hence, service tax would be applicable on the value of the licence key; and (iv) the major component of the price of the software replicated on CD is for the licence key which enables the end user to upgrade the software, which is not covered under excise duty and hence, service tax is payable on the amount charged for the license key.

   Our Company has responded to the SCN denying the allegations, through a letter dated June 15, 2015.

   In relation to the service tax demand of ₹ 627.30 million mentioned in the SCN, the ADG, by an order dated January 28, 2016 (the "**ADG Order**"), has confirmed a demand of service tax of ₹ 560.71 million for the period from March 1, 2011 to March 31, 2014, along with interest at an appropriate rate in terms of the applicable provisions of the Finance Act, 1994. The ADG Order has also imposed a penalty of i)

₹ 560.71 million on our Company for, inter alia, wilful suppression of facts and contravention of the provisions of the Finance Act, 1994, with an intent to evade payment of service tax and, ii) ₹ 0.01 million for failure to assess service tax and furnish applicable returns in accordance with the applicable provisions of the Finance Act, 1994, for payment of service tax. Our Company is evaluating various legal recourses to contest the ADG Order.

In this regard, our Company has also received a statement of demand dated January 25, 2016, at the security gate on January 28, 2016, which was delivered to the relevant officer on January 29, 2016, issued by the Principal Commissioner of Service Tax, Pune, seeking a response, *inter alia*, as to why service tax of ₹ 285.35 million and interest should not be demanded and recovered from our Company for the period April 2014 to March 2015 along with imposition of penalties under the applicable provisions of the Finance Act, 1994 in relation to supplying of anti-virus software replicated CDs/DVDs along with license keys/codes through dealers/ distributors to end customers in India. The matter is currently pending.

*Indirect tax proceedings (consolidated)*

| S. No. | Type of Indirect Tax | No. of Cases | Amount in dispute/ demanded (*in ₹million*) |
|---|---|---|---|
| 1. | Sales tax | 2 | 0.32 |
| 2. | Service tax | 1 | 1,406.77 |
| **Total** | | **3** | **1,407.09** |

*Direct tax proceedings (consolidated)*

| S. No. | Type of Direct Tax | No. of Cases | Amount in dispute/ demanded (*in ₹million*) |
|---|---|---|---|
| 1. | Income tax | 2 | 4.44* |
| **Total** | | **2** | **4.44** |

* *Includes the disputed amount calculated by applying the maximum marginal rate on the disallowance*

*Notices*

1. A notice for winding up dated December 18, 2012 was issued by Softalk Technologies Limited against our Company alleging non-payment of dues amounting to ₹ 1.55 million in respect of orders for manufacturing and packaging of replicated anti-virus CDs placed by our Company. Our Company has replied to the notice by a letter dated February 2, 2013 refuting the allegations. The matter is currently pending.

2. A notice dated February 5, 2016 was issued by NCS Computech Limited ("**NCS**") to our Company alleging, *inter alia*, financial loss and loss of goodwill and market standing on account of alleged breach of agreements, trust and morality by the Company (the "**Notice**"). NCS has made disproportionately high and unsubstantiated monetary claims through the Notice, *inter alia*, towards alleged losses suffered by NCS, as well as towards alleged mental agony, trauma and emotional stress. Our Company has responded to NCS denying all allegations in the Notice and stating, *inter alia*, that such allegations are frivolous, baseless and without any merit.

***Litigation initiated by our Company***

*Criminal proceedings*

1. Our Company has filed a criminal complaint dated August 22, 2014 before the Additional Chief Judicial Magistrate, Pune ("**ACJM**") against Softalk Technologies Limited ("**Softalk**") and others (the "**Accused**") alleging, *inter alia*, criminal conspiracy, forgery, cheating, and extortion. Our Company had entered into an agreement dated February 25, 2011 with Softalk for the manufacture and packaging of replicated anti-virus software CDs. Our Company has alleged that Softalk had raised certain falsified debit notes claiming money from our Company. It is further alleged by our Company that the Accused

sent threatening emails to our Company. Subsequently, the Shivaji Nagar police station has registered a first information report in this regard. The matter is currently pending.

2. Our Company has filed a complaint dated September 2, 2014 before the Yerwada Police Station, Pune against NCS Computech Private Limited ("**NCPL**") and others, for alleged breach of a software distribution agreement dated April 1, 2011 executed with NCPL (the "**Agreement**"), cheating and criminal breach of trust. Our Company has, *inter alia*, alleged that (i) an amount aggregating to ₹ 202.26 million derived out of sale of our products has not been deposited to our Company by NCPL as per the Agreement, amounting to alleged criminal misappropriation of the funds; (ii) disclosure of confidential data pertaining to end users of our products, and (iii) dishonour of cheques issued by NCPL to our Company. The matter is currently pending.

3. Our Company has filed a criminal complaint in 2013 before the Additional Chief Judicial Magistrate, Pune ("**ACJM**") against Softalk Technologies Limited ("**Softalk**") and others (together the "**Accused**") alleging defamation by the Accused and claiming compensation of ₹ 550 million. Our Company has alleged that Softalk and its director had accused our Company of evading tax and duping suppliers in an article titled "Quick Heal in Trouble for Evasion of Excise Duty?" published by ChannelWorld India. The matter is currently pending.

4. Our Company has filed a criminal complaint dated August 20, 2014 before the Additional Chief Judicial Magistrate, Pune against Softalk Technologies Limited ("**Softalk**") and others (together the "**Accused**") alleging defamation by the Accused. Our Company has alleged that the Accused have issued a press release titled 'Action against Quick Heal' dated July 1, 2014 and circulated to various media, including ChannelTimes.com. In the said article, the Accused have, *inter alia*, accused our Company for tax evasion, fraudulent activity and ruining business of Softalk. The matter is currently pending.

5. Our Company has filed a complaint in September 2014 before the Court of the Judicial Magistrate First Class, Khadki ("**JMFC**") against Shobhit Mathur, Quick Heal Technologies FZC ("**QHT FZC**") and others (the "**Accused**") alleging, *inter alia*, cheating and criminal breach of trust in relation to misappropriation of proceeds amounting to USD 0.22 million from sale of our Company's products supplied to the Accused by our Company. In June 2009, Shobhit Mathur and some of the other accused as mentioned in the complaint obtained permission from our Company to use the brand name 'Quick Heal' and incorporate QHT FZC pursuant to which our Company entered into various business agreements with QHT FZC for sale of products of our Company in Syria, Qatar, UAE, and the Middle East. Our Company has alleged in the complaint that the Accused have breached the terms of the agreements entered into with them and have misappropriated income generated by the sale of our Company's products which was to be remitted back to our Company. Subsequently, the Khadki police station has registered a first information report in this regard. The matter is currently pending.

6. Our Company has filed a first information report dated February 8, 2014 at Vishrambaug Police Station, Pune against Pradeep Dixit, an ex-employee of our Company (the "**Accused**"), alleging cheating and criminal breach of trust by misrepresentation to effect sale of our Company's products to his company, Mindflash Infotech Private Limited ("**Mindflash**"), with the intention to appropriate wrongful gains by abusing his position as an employee of our Company. Our Company has filed an application before the Senior Police Inspector, Vishrambaug Police Station, Pune for addition of persons to the list of accused and revision of charges invoked against the Accused. Our Company has further alleged that the Accused (i) fabricated documents to effect sale of products of our Company to Mindflash at low prices for resale in the open market at high prices; (ii) forged an identity card to falsely represent his wife as an employee of our Company; (iii) disclosed confidential information pertaining to customers of our Company to third parties thereby appropriating wrongful gains; (iv) intentionally misled dealers and distributors to purchase our Company's products through his own company; and (v) promoted products of competitors to the detriment of the interests of our Company while in the employment of our Company. The matter is currently pending.

7. Our Company has filed a criminal complaint dated February 26, 2014 before the court of the Judicial Magistrate First Class, Pune against Mindflash Infotech Private Limited ("**Mindflash**") and others for dishonour of a cheque amounting to ₹ 5.7 million issued by Mindflash in part discharge of the amount owed to our Company. Pursuant to a dealer agreement dated June 1, 2013, Mindflash was engaged as a dealer for the sale of products of our Company. The matter is currently pending.

8. Our Company has filed a criminal complaint dated January 29, 2013 before the Court of the Judicial Magistrate First Class, Pune against Rohit Magotra ("**RM**") for dishonour of cheques amounting to ₹ 0.64 million issued by RM in relation to payments due to our Company under the stockist agreement dated December 20, 2011, executed between our Company and RM. The matter is currently pending.

9. Our Company has filed 35 separate complaints (each individually a "**Complaint**") in 2014 before the Additional Chief Judicial Magistrate, Pune against NCS Computech Limited ("**NCS**") and others for dishonour of cheques amounting to ₹ 125.13 million, issued by NCS to our Company in relation to amounts due to our Company from NCS, pursuant to a distribution agreement dated April 1, 2011 executed between our Company and NCS. By an order of the Judicial Magistrate First Class, Pune dated March 20, 2015, five Complaints were returned for presentation before the proper court having territorial jurisdiction. Accordingly, our Company filed the said five Complaints before the Metropolitan Magistrate Court, Kolkata since the respevtive dishounoured cheques were drawn on a bank branch situated in Kolkata. The matters are currently pending.

**Litigation involving our Subsidiaries**

Nil

**Litigation involving our Promoters**

***Litigation against Kailash Sahebrao Katkar***

*Criminal proceedings*

1. Softalk Technologies Limited has filed an FIR in 2014 before the Police Station at Baddi, Himachal Pradesh against the then directors of the Company and others. For further details, see "*Outstanding Litigation and Material Developments – Litigation against our Company – Criminal Proceeding*" on page 333.

***Litigation against Sanjay Sahebrao Katkar***

*Criminal proceedings*

2. Softalk Technologies Limited has filed an FIR in 2014 before the Police Station at Baddi, Himachal Pradesh against the then directors of the Company and others. For further details, see "*Outstanding Litigation and Material Developments – Litigation against our Company – Criminal Proceeding*" on page 333.

**Litigation involving our Directors**

For details pertaining to litigation involving Kailash Sahebrao Katkar and Sanjay Sahebrao Katkar, see "*Outstanding Litigation and Material Developments – Litigation involving our Promoters*" on page 333.

***Litigation against Mehul Mulchand Savla***

*Criminal proceedings*

3. Softalk Technologies Limited has filed an FIR in 2014 before the Police Station at Baddi, Himachal Pradesh against the then directors of the Company and others. For further details, see "*Outstanding Litigation and Material Developments – Litigation against our Company – Criminal Proceeding*" on page 333.

**Litigation involving Group Companies**

Nil

**Outstanding dues to small scale undertakings and other creditors by our Company**

As of September 30, 2015, our Company had 207 creditors, to whom a total amount of ₹ 336.37 million was outstanding. Based on the policy of our Board as disclosed above, as of September 30, 2015 our Company has no material creditors. Further, none of our creditors have been identified as micro enterprises and small enterprises by our Company based on available information. For complete details about outstanding dues to creditors of our Company, see www.quickheal.com.

**Litigation against any other person whose outcome may have a material adverse effect on the position of our Company**

As on date of this Prospectus, there are no litigations against any other person whose outcome may have a material adverse effect on the position of our Company.

**There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.**

There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.

**Pending proceedings initiated against our Company for economic offences**

There are no pending proceedings initiated against our Company for economic offences.

**Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 years against our Company or any of our Subsidiaries.**

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies enactment in the last 5 years against our Company or any of our Subsidiaries.

**Material Fraud against our Company in the last five years**

Other than the first information report filed before the Vishrambaug Police Station, Pune against Pradeep Dixit for alleged cheating, criminal breach of trust and forgery, there has been no material fraud committed against our Company in the last five years. For further details, see "*Outstanding Litigation and Material Developments – Litigation by our Company – Criminal Proceeding*" on page 335.

**Non-Payment of Statutory Dues**

As of the date of this Prospectus, there are no outstanding defaults in the payment of statutory dues. For, details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited as on March 31, 2015 on account of disputes, see "*Summary Financial Information*" and "*Outstanding Litigation and Material Developments – Litigations involving our Company – Litigation filed against our Company – Tax proceedings*" on pages 68 and 335.

**Material Developments**

For details of material developments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 332.

## GOVERNMENT AND OTHER APPROVALS

*Except as disclosed herein and in "Risk Factors" on page 17, our Company has received necessary consents, licenses, permissions and approvals from various governmental and regulatory agencies in India required to carry on its present business and to undertake this Offer and no further material approvals are required for carrying on the present business operations of our Company and to undertake this Offer. Unless otherwise stated, these approvals are valid as on the date of this Prospectus. For details in connection with the regulatory and legal framework within which our Company operates, see "Regulations and Policies" on page 156.*

### I. Incorporation details and approvals of our Company

1. Certificate of incorporation issued by the RoC dated August 7, 1995, in the name of CAT Computer Services Private Limited.
2. Fresh certificate of incorporation issued by the RoC dated August 7, 2007, consequent upon change of name to Quick Heal Technologies Private Limited.
3. Fresh certificate of incorporation issued by the RoC dated September 8, 2015, as Quick Heal Technologies Limited consequent upon conversion to a public company.

### II. Approvals for the Offer

1. In-principle approval from BSE dated October 9, 2015.
2. In-principle approval from NSE dated October 14, 2015.
3. Resolution of the Board dated September 24, 2015 approving the Offer.
4. Resolution of the Shareholders under Section 62(1)(c) of the Companies Act, 2013 dated September 24, 2015.
5. Sequoia Capital India Investment Holdings III had approved the offer of sale of up to 312,752 Equity Shares in the Offer for Sale through a resolution of its board of directors dated September 25, 2015. Subsequently, pursuant to the resolution by its board of directors dated January 25, 2016, Sequoia Capital India Investment Holdings III has revised the number of Equity Shares being offered by it in the Offer for Sale to up to 87,574 Equity Shares.
6. Sequoia Capital India Investments III has approved the offer of sale of up to 2,501,984 Equity Shares in the Offer for Sale through a resolution of its board of directors dated September 25, 2015.
7. Kailash Sahebrao Katkar had approved the offer of sale of up to 2,000,000 Equity Shares in the Offer for Sale through his letter dated September 24, 2015. Subsequently, by a letter dated January 24, 2016, Kailash Sahebrao Katkar has revised the number of Equity Shares being offered by him in the Offer for Sale to up to 1,840,000 Equity Shares.
8. Sanjay Sahebrao Katkar had approved offer of sale of up to 2,000,000 Equity Shares in the Offer for Sale through his letter dated September 24, 2015. Subsequently, by a letter dated January 24, 2016, Sanjay Sahebrao Katkar has revised the number of Equity Shares being offered by him in the Offer for Sale to up to 1,840,000 Equity Shares.

### III. Approvals in relation to our business and operations

Our business requires various approvals, licenses, registrations and permits issued by relevant Central and State Governments, and regulatory authorities under various statutes, rules and regulations. An indicative list of the material approvals required and obtained by our Company to undertake its business is set out below:

***Approvals for office premises, warehouses and assembling facility***

Our Company has 64 offices and warehouses across 36 cities in India, including an assembling facility at Bhukum. Following are the key approvals/licenses that are typically obtained and maintained by our Company in relation to operation of our branch offices, warehouses, Registered Office and Corporate Office:

1. Registration under applicable shops and establishment laws for our branch offices and warehouses in different States in India, wherever applicable. These registrations are periodically renewed.
2. Trade license under applicable local municipality laws for our branch offices and warehouses in different States in India, wherever applicable. These licenses are periodically renewed.
3. No objection certificate issued by the Gram Panchayat, Bhukum dated September 3, 2014 for the operation of an office and stocking of goods at our assembling facility at Bhukum.

***Labour/employment related approvals***

1. Registration (PU/PUN/0034107/000) for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
2. Registration for employees' insurance issued by the Regional Office, Employees State Insurance Corporation of different States in India under the Employees' State Insurance Act, 1948.
3. Registration (PUN6342) for the Maharashtra Labour Welfare Fund issued by the Maharashtra Labour Welfare Fund under the Maharashtra Labour Welfare Fund Act, 1953.
4. Certificate for contract labour issued by the Office of the Registering Officer, Pune under the Contract Labour (Regulation & Abolition) Act, 1970.

***Tax related approvals***

1. Permanent account number (AABCC4207H) issued by the Income Tax Department under the Income Tax Act, 1961.
2. Tax deduction account number (PNEC05920F) issued by the Income Tax Department under the Income Tax Act, 1961.
3. Service tax registrations issued by the Central Board of Excise and Customs under the Finance Act, 1994.
4. VAT and Central Sales Tax registration issued by relevant authorities in different States of India under applicable laws of the respective States.
5. Central Excise Registration issued by the Central Board of Excise and Customs under the Central Excise Act, 1944.
6. Registration for entry tax issued by relevant authorities in different States of India under applicable laws of the respective States.
7. Registration for professional tax issued by relevant authorities in different States of India under applicable professional tax laws of the respective States.

***Other approvals***

1. Importer Exporter Code (3196024423) issued by Department of Commerce, Ministry of Commerce and Industry, Government of India under the Foreign Trade (Development and Regulation) Act, 1992.
2. Approval of Entrepreneurs Memorandum (270252200101) issued by the Directorate of Industries, Government of Maharashtra dated November 4, 2008.
3. Registration as 'Other Service Provider' as a domestic other service provider issued by the Department of Telecommunication, Ministry of Communications and Information Technology, Government of India under the New Telecom Policy, 1999.
4. Registrations as 'Other Service Provider' as an international other service provider issued by the Department of Telecommunication, Ministry of Communications and Information Technology, Government of India under the New Telecom Policy, 1999.

***Intellectual property***

1. Registration of marks/ brands under various classes issued by Registrar of Trademarks under the Trademarks Act, 1999 in India.

2. Registration of copyrights in respect of artistic work of anti-virus software products of the Company, issued by Registrar of Copyrights under the Copyright Act, 1957.

Further, our Company has filed various applications for registration of trademarks, copyrights and patents under the Trademarks Act, 1999, Copyrights Act, 1957 and the Patents Act, 1970, respectively, which are pending approval/grant.

**Approvals for which applications have been made**

| Nature of approval – description | Issuing authority | Date of acknowledgement of application / Date of application |
|---|---|---|
| Registration under the Madhya Pradesh Shops and Establishments Act, 1958 for the office at S-1, second floor, Plot no. 83, Zone – 2, MP Nagar, Bhopal – 462 011 | Labour Commission, Government of Madhya Pradesh | January 13, 2016 |
| Registration under the Bombay Shops and Establishment Act, 1948 for office at 101, Srushti Villa, first floor, Daji Ramchandra Road, Charai, Thane 400 601 | Department of Labour, Government of Maharashtra | December 16, 2015 |

**IV. Approvals which have expired for which renewal applications have been made:**

| Nature of approval – description | Issuing authority | Date of expiry | Date of acknowledgement of renewal application / Date of renewal application |
|---|---|---|---|
| Registration under the Bombay Shops and Establishment Act, 1948 for office at 1952, Shri Krishna Apartment, Shop no. 1 & 2, Rajarampuri, Kolhapur 416 008 | Department of Labour, Government of Maharashtra | December 15, 2015 | December 15, 2015 |
| Registration under the Bombay Shops and Establishment Act, 1948 for office at 302 Daya Chambers, Ajni Square, Nagpur 440 015 | Department of Labour, Government of Maharashtra | December 15, 2015 | December 15, 2015 |
| Registration under the Odisha Shops and Commercial Establishment Act, 1956 for office at Plot no. 742, first floor, Sahid Nagar, Bhubaneswar 751 007 | Labour Directorate, Government of Odisha | December 15, 2015 | December 31, 2015 |

**V. Approvals which have expired for which renewal applications have not been made:**

| Nature of approval – description | Issuing authority | Date of expiry |
|---|---|---|
| Registration under the Assam Shops & Establishments Act, 1971 for office at Ganpati Enclave, Office no. 3A, 3rd Floor, G. S. Road, Guwahati 781 007 | Labour and Employment Department, Government of Assam | December 31, 2015 |

| | | |
|---|---|---|
| Registration under the Bombay Shops and Establishment Act, 1948 for office at Flat no. 8, Plot G, B – 27, Ahilya Niwas, Jitendra Singh Tomar Road, Giripeth, Nagpur 440 001 | Department of Labour, Government of Maharashtra | January 14, 2016 |

**VI. Approvals for which no application has been made:**

| Nature of approval | Branch location |
|---|---|
| Registration under the Bombay Shops and Establishment Act, 1948 | Godown No. 13/14, Safe Ware House, near Ekta Hotel Sarkhej Bavla Road, Ahmedabad 382210 |
| Registration under the Tamil Nadu Shops and Establishments Act, 1947 | 1st Floor, No. 3, Old ½ South K.R. Koli Street, West Mambalam, Chennai 600 033 |
| Registration under the Tamil Nadu Shops and Establishments Act, 1947 | Chaitanya Imperial, Block A, 7th Floor, Anna Salai Teyampet, Chennai 600018 |
| Registration under the Bombay Shops and Establishment Act, 1948 | N-5 & 6, KN Park Society, near Kapadia Health Club , Luthra Niwas Lane, New Civil Road, Surat 395 002 |
| Registration under the Bombay Shops and Establishment Act, 1948 | 333-334 Silver Chamber, Tagore Road Rajkot 360 002 |
| Registration under the Bombay Shops and Establishment Act, 1948 | Marvel Extension, A-8010, 8th Floor, Marvel Edge, Sr. No. 207, opp. NECO Garden Society, Vimannagar, Pune - 411015 |
| Registration under the West Bengal Shops and Eshtablishments Act, 1963 | Diamond Heritage, 16, Strand Road, Kolkata 700 001 |

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

Our Board of Directors have approved the Offer pursuant to the resolution passed at their meeting held on September 24, 2015 and the Shareholders have approved the Offer by way of a special resolution passed pursuant to Section 62 of the Companies Act, 2013, at the AGM of our Company held on September 24, 2015.

The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters or board resolutions, as applicable as provided in the table below:

| Sr. No. | Name of the Selling Shareholder | Number of Equity Shares originally offered | Revised number of Equity Shares offered | Date of the original consent letter | Date of consent letter for the revised number of Equity Shares offered | Date of board resolution |
|---|---|---|---|---|---|---|
| 1. | Kailash Sahebrao Katkar | 2,000,000 | 1,840,000 | September 24, 2015 | January 24, 2016 | - |
| 2. | Sanjay Sahebrao Katkar | 2,000,000 | 1,840,000 | September 24, 2015 | January 24, 2016 | - |
| 3. | Sequoia Capital India Investments III | 2,501,984 | No change | - | NA | September 25, 2015 |
| 4. | Sequoia Capital India Investment Holdings III | 312,752 | 87,574 | - | - | September 25, 2015 and January 25, 2016 |

### In-principle listing approvals

We have received an in-principle approval from BSE for the listing of the Equity Shares pursuant to a letter dated October 9, 2015.

We have received an in-principle approval from NSE for the listing of the Equity Shares pursuant to a letter dated October 14, 2015.

### Prohibition by SEBI or other governmental authorities

Our Company, our Directors, our Promoters, members of our Promoter Group, or persons in control of our Company have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, the companies with which any of our Promoters, our Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, are not prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or statutory or governmental authority.

None of our Director(s) are associated with, which are engaged in securities market related business, and are registered with SEBI for the same.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

### Prohibition by RBI

Our Company, our Promoters, relatives of our Promoters (as defined under the Companies Act, 2013), our Directors have not been identified as wilful defaulter by RBI or any other authority. There are no violations of securities laws committed by our Company, our Promoters or relatives of our Promoters in the past and no such proceedings are pending against them.

**Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained below:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on restated and consolidated basis during the three most profitable years out of the immediately preceding five years.
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the Offer and all previous issues made in the same fiscal year in terms of issue size does not exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding fiscal year; and
- The status of our Company was changed from a private limited company to a public limited company and the name of our Company was changed from Quick Heal Technologies Private Limited to Quick Heal Technologies Limited. Pursuant to this change, our Company was issued a fresh certificate of incorporation consequent upon conversion to public limited company on September 8, 2015, which is less than a year before the date of the Draft Red Herring Prospectus. However, no new activity is indicated by this change in name.

Our Company's net tangible assets, pre-tax operating profit and net worth derived from our Restated Unconsolidated Summary Statements and Restated Consolidated Summary Statements are set forth below:

*(₹ in million)*

| Particulars | As at March 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
| | Unconsolidated | Consolidated | Unconsolidated | Consolidated | Unconsolidated | Consolidated | Unconsolidated | Consolidated | Unconsolidated | Consolidated |
| Net Tangible Assets[(1)] | 4,179.75 | 4,122.67 | 3,605.78 | 3,572.50 | 3,075.08 | 3,070.93 | NA | NA | NA | NA |
| Monetary assets[(4)] | 1,369.51 | 1,422.48 | 1,395.48 | 1,409.19 | 1,494.02 | 1,497.24 | NA | NA | NA | NA |
| Monetary assets as a percentage of the net tangible assets[(4)] | 32.77% | 34.50% | 38.70% | 39.45% | 48.58% | 48.76% | NA | NA | NA | NA |
| Pre-Tax Operating Profit[(2)] | 741.23 | 716.03 | 793.54 | 762.35 | 1,013.61 | 1,007.22 | 935.55 | 935.35 | 547.32 | * |
| Net Worth[(3)] | 3,349.88 | 3,286.65 | 3,335.02 | 3,296.73 | 2,830.05 | 2,823.47 | 2,076.99 | 2,076.80 | 1,407.18 | * |

*Note:*

*(1) 'Net tangible assets' means the sum of all net assets of our Company excluding deferred taxes and intangible assets as defined in Accounting Standard 26 as defined under Companies (Accounting Standards) Rules, 2014 (as amended).*

*(2) 'Pre-tax operating profit', has been calculated as net profit before tax excluding non-operating income and finance cost-interest others.*

*(3) 'Net worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, amalgamation reserve and foreign currency translation reserve), as reduced by the aggregate of the miscellaneous expenditure to the extent not adjusted or written off and debit balance of profit and loss account.*

*(4) Monetary assets include cash on hand, cheques in hand and balance with banks (including the deposits accounts and interest accrued thereon) and current investments.*

**The Group has not prepared the consolidated financial statements up to the year ended March 31, 2011 as it has no subsidiaries. Accordingly, March 31, 2011 figures are not presented with respect to the Group in this statement.*

In accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted under the Offer shall not be less than 1,000,

otherwise the entire application money will be refunded. If there is a delay in repaying the application money beyond the prescribed limit, then our Company shall be liable to repay the money with interest at the rate of 15% per annum on the application money, as prescribed by applicable law.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI ICDR Regulations:

- Our Company has obtained in-principle listing approval from BSE and NSE for listing of the Equity Shares under the Offer;
- Our Company has entered into tripartite agreement dated July 12, 2010 with NSDL and Link Intime India Private Limited, for dematerialisation of the Equity Shares;
- Our Company has entered into tripartite agreement dated September 22, 2015 with CDSL and Link Intime India Private Limited, for dematerialisation of the Equity Shares;and
- The Equity Shares are fully paid.

The Selling Shareholders severally confirm that they are legal and beneficial owners of the Equity Shares being offered and sold by them in the Offer for Sale and that such Equity Shares are eligible to be sold in the Offer in accordance with Regulation 26(6) of the SEBI ICDR Regulations. Each Selling Shareholder also confirms that it has not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities, in either case under any order or direction passed by SEBI or any other authority and the Equity Shares being offered and sold by it in the Offer for Sale are free from any lien, encumbrance or third party rights. Each Selling Shareholder also confirms that it has not been identified as a wilful defaulter by RBI/ government authorities and there are no violations of securities laws committed by it in the past or pending against it.

**DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SECURITIES AND EXCHANGE BOARD OF INDIA. SECURITIES AND EXCHANGE BOARD OF INDIA DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, JEFFERIES INDIA PRIVATE LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR ALL STATEMENTS IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES IN CONNECTION WITH THE OFFER, AND THE EQUITY SHARES OFFERED BY THEM IN THE OFFER, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, JEFFERIES INDIA PRIVATE LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED, HAVE FURNISHED TO SECURITIES AND EXCHANGE BOARD OF INDIA, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2015 WHICH READS AS FOLLOWS:**

**"WE, THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS, AND OTHER PAPERS FURNISHED BY THE COMPANY AND SELLING SHAREHOLDERS, WE CONFIRM THAT:**

   a. **THE DRAFT RED HERRING PROSPECTUS FILED WITH SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   b. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   c. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, BY THE COMPANIES ACT, 2013 TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SECURITIES AND EXCHANGE BOARD OF INDIA AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SECURITIES AND EXCHANGE BOARD OF INDIA UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – <u>COMPLIED WITH</u>**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND**

**(D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION PROPOSED OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH TO THE EXTENT APPLICABLE**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013 EQUITY SHARES PURSUANT TO THE OFFER ARE REQUIRED TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

    b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK**

**FACTORS, PROMOTERS' EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS –COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18, AS CERTIFIED BY RATHI RATHI & CO., CHARTERED ACCOUNTANTS (FIRM REGISTRATION NO. 135143W) PURSUANT TO ITS CERTIFICATE DATED SEPTEMBER 26, 2015.**

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company and the Selling Shareholders from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up, at any point of time, with the BRLMs any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to the Offer has been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013.

All legal requirements pertaining to the Offer have been complied with at the time of registration of this Prospectus with the RoC in terms of Sections 26, and 30 of the Companies Act, 2013.

**CAUTION: DISCLAIMER STATEMENT OF OUR COMPANY, THE SELLING SHAREHOLDERS AND THE BRLMs**

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information, including our Company's website 'www.quickheal.com' would be doing so at his or her own risk**.**

Each Selling Shareholder assumes responsibility only for the statements and undertakings made by it in this Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement entered into between the BRLMs, our Company and the Selling Shareholders and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

Our Company, our Directors and officers, the Selling Shareholders and any member of the Syndicate are not liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions or other financial services with our Company, the Selling Shareholders, affiliates or associates or third parties, for which they have received,

and may in future receive, compensation.

**Caution**

Investors who Bid in this Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Selling Shareholders, the BRLMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Offer.

**Disclaimer in respect of jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds, insurance funds set up and managed by the army and insurance funds set up and managed by Departments of Posts, India and, to permitted non-residents including Eligible NRIs, FIIs and FPIs.

This Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any disputes arising out of this Offer will be subject to the jurisdiction of courts in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The Equity Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.**

**Price information of past issues handled by the BRLMs**

**1. *ICICI Securities***

a. Price information of past issues handled by ICICI Securities

| Sr. No. | Issue Name | Issue size (INR mn) | Issue price (INR mn) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Shemaroo Entertainment Limited | 120.00 | 170.00 (1) | 01-Oct-14 | 180.00 | -5.74%, [+2.81%] | -5.88%, [+3.79%] | +5.85%, [+6.88%] |
| 2 | Wonderla Holidays Limited | 181.25 | 125.00 | 09-May-14 | 160.00 | +72.92%, [+11.60%] | +78.96%, [+11.86%] | +162.32%, [+21.57%] |
| 3 | VRL Logistics Limited | 467.88 | 205.00 | 30-Apr-15 | 288.00 | +50.90%, [+3.08%] | +85.49%, [+1.90%] | +100.90%, [+0.97%] |
| 4 | PNC Infratech Limited | 488.44 | 378.00 | 26-May-15 | 387.00 | +0.32%, [+0.26%] | +14.66%, [-6.36%] | +42.72%,[-5.88%] |
| 5 | Manpasand Beverages Limited | 400.00 | 320.00 | 09-Jul-15 | 300.00 | +23.20%, [+2.83%] | +36.53%, [-2.11%] | +58.34%,[-6.45%] |
| 6 | Sadbhav Infrastructure Project Limited | 491.66 | 103.00 | 16-Sep-15 | 111.00 | -2.28%, [+3.55%] | -5.63, [-3.15] | - |
| 7 | Teamlease Services Limited | 423.68 | 850 | 02-Feb-16 | 860.00 | - | - | - |

*(1) Discount of ₹17 per equity share offered to retail investors. All calculations are based on Issue Price of ₹170.00 per equity share*

***Notes**:*
*1. All data sourced from www.nseindia.com*
*2. Benchmark index considered is NIFTY*
*3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day*

b. Summary statement of price information of past issues handled by ICICI Securities

| Fiscal Year | Total No. of IPOs | Total Funds Raised (INR mn) | No. of IPOs trading at discount on listing date | | | No. of IPOs trading at premium on listing date | | | No. of IPOs trading at discount as on 30th calendar day from listing day | | | No. of IPOs trading at premium as on 30th calendar day from listing day | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2015-16 | 5 | 2,271.65 | - | - | 1 | 1 | - | 2 | - | - | - | 2 | 1 | - |
| 2014-15 | 2 | 301.25 | - | - | 1 | 1 | - | - | - | - | - | 1 | - | 1 |
| 2013-14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

**2. *Jefferies***

a. Price information of past issues handled by Jefferies

| Sr. No. | Issue Name | Issue size (INR mn) | Issue price (INR mn) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Syngene International Limited | 550.00 | 250.00 | 11-Aug-15 | 295.00 | 36.00%, [-7.61%] | 44.90%, [-6.47%] | 57.20%, [-12.70%] |
| 2 | Narayana Hrudayalaya Limited | 613.08 | 250.00 | 06-Jan-16 | 291.00 | 28.76%, [-4.35%] | NA | NA |

*Notes:*
*1. All data sourced from www.nseindia.com*
*2. Benchmark index considered is NIFTY*
*3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day*

b. Summary statement of price information of past issues handled by Jefferies

| Fiscal year | Total No. of IPOs | Total Funds Raised (INR mn) | No. of IPOs trading at discount on listing date | | | No. of IPOs trading at premium on listing date | | | No. of IPOs trading at discount as on 30th calendar day from listing day | | | No. of IPOs trading at premium as on 30th calendar day from listing day | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2015-16* | 2 | 1,163.08 | - | - | - | - | 2 | - | - | - | - | - | 2 | - |

** The information is as on the date of the document*
*Notes:*
*1. Narayana Hrudayalaya Limited is yet to complete 30 days from listing. Only Syngene International Limited considered for 30 days above*

**3. *JP Morgan***

a. Price information of past issues handled by JP Morgan

| Sr. No. | Issue Name | Issue size (INR mn) | Issue price (INR mn) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Bharti Infratel Limited[1] | 4,172.76 | 220.00 | 28-Dec-12 | 200.00 | -4.4%, [2.8%] | -18.7%, [-3.8%] | -35.3%, [-5.1%] |
| 2 | InterGlobe Aviation Limited[2] | 3,008.50 | 765.00 | 10-Nov-15 | 855.80 | 32.4%, [-2.2%] | 7.8%, [-5.1%] | NA |
| 3 | Alkem Laboratories Limited | 1,347.76 | 1,050.00 | 23-Dec-15 | 1,380.00 | 30.3%, [-7.5] | NA | NA |

*Source: www.nseindia.com*
*[1] Price for retail individual investors wa sINR 210.00 per equity share and for anchor investors was INR 230.00*
*[2]Price for employees was INR 688.50 per equity share*

*Notes:*
1. *The S&P CNX NIFTY is considered as the Benchmark Index.*
2. *Price on NSE is considered for all of the above calculations.*

*In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.*

b. Summary statement of price information of past issues handled by JP Morgan

**Track record of past issues handled by BRLMs**

| Fiscal year | Total No. of IPOs | Total Funds Raised (INR mn) | No. of IPOs trading at discount on listing date | | | No. of IPOs trading at premium on listing date | | | No. of IPOs trading at discount as on 30th calendar day from listing day | | | No. of IPOs trading at premium as on 30th calendar day from listing day | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2015-2016 | 2 | 4,356.26 | - | - | - | - | 2 | - | NA | NA | NA | NA | NA | NA |
| 2014-2015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2013-2014 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2012-2013 | 1 | 4,172.76 | - | - | 1 | - | - | - | - | 1 | - | - | - | - |

*Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.*
*The information for each of the financial years is based on issues listed during such financial year.*

For details regarding the track record of the BRLMs to the Offer as specified in Circular reference CIR/ MIRSD/ 1/ 2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs as set forth below:

| Name of BRLM | Website |
|---|---|
| ICICI Securities | www.icicisecurities.com |
| Jefferies | www.jefferies.com |
| JP Morgan | www.jpmipl.com |

**Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC.

**Listing**

In-principle listing approvals dated October 9, 2015 and October 14, 2015 have been received from BSE and NSE, respectively. Applications will be made to the Stock Exchanges for final permission to deal in and for an official quotation of the Equity Shares. BSE Limited will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and Selling Shareholders will forthwith repay, all moneys received from the Bidders / Applicants in pursuance of the Red Herring Prospectus / Prospectus, as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for such completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Offer Closing Date. Each Selling Shareholder shall severally provide reasonable support and extend reasonable cooperation as required or requested by our Company to facilitate this process. If Equity Shares are not Allotted pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by the SEBI, our Company and Selling Shareholders shall repay without interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period. Subject to applicable law, no Investor Selling Shareholder shall be responsible for paying

interest or any other expenses in case the delay in refund of monies is not directly due to any failure or delay by such Investor Selling Shareholder.

**Disclaimer Clause of BSE**

*BSE Limited (the "Exchange") has given vide its letter dated October 9, 2015 permission to this Company to use the name of the Exchange in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner (a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or (b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (c) take any responsibility for the financial soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or committed to be stated herein or for any other reason whatsoever.*

**Disclaimer Clause of NSE**

*As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter Ref.: NSE/LIST/46430 dated October 14, 2015 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.*

*Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.*

**Consents**

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal advisors; and (b) the BRLMs, the Syndicate member(s), the Anchor Escrow Collection Bank, the Banker to the Company and the Registrar to the Offer to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Our Company has received written consent from the Statutory Auditor to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Statutory Auditors on the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, each dated January 19, 2016 and the statement of tax benefits dated January 19, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

**Experts to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Statutory Auditors on the Restated Consolidated Summary Statements and Restated Unconsolidated Summary Statements, each dated January 19, 2016 and the statement of tax benefits dated January 19, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

**Offer Expenses**

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see "*Objects of the Offer*" on page 111.

Other than the listing fees and expenses relating to the legal counsel to the Company, which shall be borne by our Company, the Offer expenses will be shared between our Company and each Selling Shareholder on a pro-rata basis in proportion of the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by each Selling Shareholder in the Offer for Sale. Selling Shareholders will bear the expenses relating to their respective legal counsel.

**Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the engagement letter dated September 28, 2015 with the BRLMs.

**Commission payable to the Registered Brokers**

| | |
|---|---|
| Portion for Retail Individual Bidders | ₹ 10 per valid application* (plus applicable service tax) |
| Portion for Non-Institutional Bidders | ₹ 10 per valid application* (plus applicable service tax) |
| Portion for Eligible Employees | ₹ 10 per valid application* (plus applicable service tax) |

**Based on Valid Applications.*

**Commission payable to the SCSBs**

| | |
|---|---|
| Portion for Retail Individual Bidders | 0.40% of the Amount Allotted* (plus applicable service tax) |
| Portion for Non-Institutional Bidders | 0.25% of the Amount Allotted* (plus applicable service tax) |
| Portion for Eligible Employees | 0.40% of the Amount Allotted* (plus applicable service tax) |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

*No additional bidding charges shall be payable by the Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*

**Commission payable to Collecting DPs and Collecting RTAs**

| | |
|---|---|
| Portion for Retail Individual Bidders | 0.40% of the Amount Allotted* (plus applicable service tax) |
| Portion for Non-Institutional Bidders | 0.25% of the Amount Allotted* (plus applicable service tax) |
| Portion for Eligible Employees | 0.40% of the Amount Allotted* (plus applicable service tax) |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

*In addition to the selling commission referred above, any additional amount(s) to be paid by the Company and Selling Shareholders shall be, as mutually agreed upon the Book Running Lead Managers, their affiliate Syndicate Member, the Company and Selling Shareholders before the opening of the Issue. Bidding Charges: ₹10 per valid application bid by the Syndicate, RTAs and CDPs.*

**Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/ CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated September 28, 2015 entered into, between our Company, the Selling Shareholders and the Registrar to the Offer, a copy of which is available for inspection at the Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage,

stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

**Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years preceding the date of this Prospectus.

**Previous issues of Equity Shares otherwise than for cash**

Except as disclosed in "*Capital Structure*" on page 83, our Company has not issued any Equity Shares for consideration otherwise than for cash.

**Commission and Brokerage paid on previous issues of the Equity Shares**

Since this is the initial public offering of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

**Previous capital issue during the previous three years by listed Group Companies and Subsidiaries**

None of our Subsidiaries are listed on any stock exchanges.

**Performance vis-à-vis objects – Public/ rights issue of our Company, Associate Companies and/ or listed Group Companies and associates of our Company**

Our Company, our Associate Companies and Subsidiaries have not undertaken any previous public issues or right issues.

**Outstanding Debentures or Bonds**

As on the date of this Prospectus, there are no outstanding debentures or bonds of our Company.

**Outstanding Preference Shares**

As on the date of this Prospectus, there are no outstanding preference shares of our Company.

**Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Prospectus.

**Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Broker Centres, or the Collecting DP if the Bid was submitted to a Collecting DP at any of the Designated CDP Locations or the Collecting RTA if the Bid was submitted to a Collecting RTA at any of the Designated RTA Locations as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum- Application Form, name and address of the member of the Syndicate or the Designated Branch, the Registered Broker, Collecting DP or the Collecting

RTA as the case may be, where the Bid was submitted, and the ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, Collecting DPs and Collecting RTAs, the investor shall also enclose the acknowledgment from such Registered Broker, Collecting DP or Collecting RTA, as the case may be, in addition to the documents/ information mentioned hereinabove.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising of the following Directors:

| Name of the Director | Designation in the committee |
|---|---|
| Pradeep Vasudeo Bhide | Chairman |
| Mehul Mulchand Savla | Member |
| Kailash Sahebrao Katkar | Member |

For details, see"*Management - Stakeholder Relationship Committee*" on page 180.

Our Company has also appointed Vijay B. Shirode, Company Secretary of our Company as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

**Vijay B. Shirode**
Quick Heal Technologies Limited
Marvel Edge, Office No.7010 C & D
7th Floor, Opposite Neco Garden Society
Viman Nagar, Pune 411 014, India
Tel: (91 20) 6681 3232
E-mail: cs@quickheal.co.in

Our Company has not received any investor complaints in the three years preceding the filing of this Prospectus.

**Changes in the auditors during last three years and reasons thereof**

Except as stated below, there have been no changes in our auditors in three years prior to the date of this Prospectus:

| Name of the auditor | Date of appointment/ resignation | Reason for change |
|---|---|---|
| S. V. Ghatalia & Associates LLP | September 29, 2014 | Resignation |
| S R B C & CO LLP | September 29, 2014 | Appointment |

**Capitalisation of reserves or profits during the last five years**

Other than issue of Equity Shares by way of bonus issues, our Company has not capitalised its reserves since incorporation. For further details, see "*Capital Structure*" on page 81.

**Revaluation of assets during the last five years**

Our Company has not revalued its assets since incorporation.

## SECTION VII: ISSUE INFORMATION

## TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to the Offer are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, SEBI ICDR Regulations, the SCRA, the SCRR, conditions of RBI approval, if any, the Red Herring Prospectus and this Prospectus, Bid cum Application Form, the Revision Form, the Allotment Advice, the CAN, Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and / or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI or any other authorities while granting its approval for the Offer.

**Ranking of Equity Shares**

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Memorandum and Articles of Association and the Companies Act, and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Offer shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 416.

**Mode of payment of dividend**

Our Company shall pay dividend, if declared, to our shareholders as per the provisions of the Companies Act, the Memorandum and Articles of Association and the Listing Regulations. In respect of the Offer for Sale, all dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been issued and allotted Equity Shares in such Offer for the entire year. Please refer to "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 191 and 416, respectively.

**Face Value and Offer Price**

The face value of the Equity Shares is ₹ 10 each. The Floor Price of Equity Shares is ₹ 311 per Equity Share and the Cap Price is ₹ 321 per Equity Share. The Offer Price is ₹ 321 per Equity Share. The Anchor Investor Offer Price is ₹ 321 per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer has been decided by our Company and the Selling Shareholders, in consultation with the BRLMs and advertised, at least five Working Days prior to the Bid/ Offer Opening Date, in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, and the Pune edition of Marathi daily newspaper Janshakti (Marathi being the regional language of Maharashtra, the state where our Registered Office is located), each with wide circulation. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

**Rights of the Equity Shareholder**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy in accordance with the requirements of the Companies

Act, 2013;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable law, including RBI rules and regulations, if any; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation / splitting, please refer to "*Main provision of the Articles of Association*" on page 416.

**Market Lot and Trading Lot**

Under Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. In terms of the SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. Allocation and Allotment of Equity Shares through this Offer will be done only in electronic form, in multiple of one Equity Share, subject to a minimum Allotment of 45 Equity Shares. For details of allocation and allotment, see"*Offer Procedure*" on page 366.

**Compliance with SEBI ICDR Regulations**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**Nomination Facility to the Investor**

In accordance with Section 72 of the Companies Act, 2013, the sole Bidder or First Bidder, along with other Joint Bidders, may nominate any one person in whom, in the event of the death of Sole Bidder or in case of Joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered / Corporate Office or to our Registrar and Transfer Agents.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant**.

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to at least ₹ 4,000 million, when calculated at the Offer Price (the minimum number of securities as specified under Rule 19(2)(b)(ii) of the SCRR), including devolvement of Underwriters, if any, within sixty (60) days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

In accordance with the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

**Arrangement for disposal of odd lot**

Since the Equity Shares will be traded in dematerialised form only, the marketable lot for the Equity Shares will be one and hence, no arrangements for disposal of odd lots are required.

**Restriction on transfer of Equity Shares**

Except for lock-in of pre-Offer equity shareholding, Promoters minimum contribution and lock-in of Equity Shares Alloted to Anchor Investor, as detailed in "*Capital Structure*" on page 87, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting. See"*Main Provisions of the Articles of Association*" on page 416.

**Option to receive Equity Shares in dematerialised form**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialised segment of the Stock Exchanges. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

## OFFER STRUCTURE

Initial public offering of up to 14,057,719[^] Equity Shares for cash at a price of ₹ 321 per Equity Share comprising of a Fresh Issue of up to 7,788,161[^] Equity Shares aggregating to ₹ 2,500 million and an Offer for Sale of up to 6,269,558 Equity Shares aggregating to ₹ 2,012.53 million by the Selling Shareholders.The Offer comprises a Net Offer of 13,901,956[^] Equity Shares to the Public and a reservation of 155,763 Equity Shares aggregating to ₹ 50.00 million for Eligible Employees Bidding in the Employee Reservation Portion. The Offer will constitute 20.07% of the post-Offer paid-up Equity Share capital of our Company and the Net Offer will constitute 19.85% of the post-Offer paid-up equity share capital of our Company.

The Offer is being made through the Book Building Process.

| Particulars | Eligible Employees | QIBs[@] | Non-Institutional Investors | Retail Individual Investors |
|---|---|---|---|---|
| Number of Equity Shares available for allocation/ Allotment* | 155,763 Equity Shares available for allocation | 6,950,977[^] Equity Shares or Net Offer less allocation to Non-Institutional Investors and Retail Individual Investors | 2,085,294[^] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Investors | 4,865,685[^] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Investors |
| Percentage of the Offer size available for allocation/ Allotment | Approximately 1.11% of the Offer size<br><br>The Employee Reservation Portion comprises approximately 0.22% of our Company's post-Offer paid-up Equity Share capital | 50% of Net Offer size shall be allocated to QIBs<br><br>However, up to 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only<br><br>Up to 60% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds** | Not less than 15% of the Net Offer | Not less than 35% of the Net Offer |
| Basis of allocation/ Allotment, if respective category is oversubscribed | Proportionate | Proportionate as follows:<br><br>(a) 139,020[^] Equity Shares, constituting 5% of the Net QIB Portion, shall be available for allocation on a proportionate basis to Mutual Funds;<br><br>(b) 2,641,371[^] Equity Shares shall be allotted on a proportionate basis to all QIBs (except to | Proportionate | Not less than the minimum Bid Lot (subject to availability of Equity Shares), and the remaining Equity Shares, if any, shall be allotted on a proportionate basis[#] |

| Particulars | Eligible Employees | QIBs[@] | Non-Institutional Investors | Retail Individual Investors |
|---|---|---|---|---|
| | | Anchor Investors) including Mutual Funds receiving allocation as per (a) above | | |
| Minimum Bid | 45 Equity Shares and in multiples of 45 Equity Shares thereafter | Such number of Equity Shares and in multiples of 45 Equity Shares thereafter such that the Bid Amount exceeds ₹ 200,000 | Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of 45 Equity Shares thereafter | 45 Equity Shares and in multiples of 45 Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000 | Not exceeding the size of the Net Offer subject to regulations as applicable to the Bidder | Not exceeding the size of the Net Offer subject to regulations as applicable to the Bidder | Such number of Equity Shares in multiples of 45 so as to ensure that the Bid Amount does not exceed ₹ 200,000 |
| Mode of Bidding | Through ASBA only | Through ASBA only (other than Anchor Investors) | Through ASBA only | Through ASBA only |
| Mode of Allotment | Compulsorily in dematerialised form | Compulsorily in dematerialised form | Compulsorily in dematerialised form | Compulsorily in dematerialised form |
| Bid Lot | 45 Equity Shares and in multiples of 45 Equity Shares thereafter | 45 Equity Shares and in multiples of 45 Equity Shares thereafter | 45 Equity Shares and in multiples of 45 Equity Shares thereafter | 45 Equity Shares and in multiples of 45 Equity Shares thereafter |
| Allotment Lot | 45 Equity Shares and in multiples of one Equity Share thereafter | 45 Equity Shares and in multiples of one Equity Shares thereafter | 45 Equity Shares and in multiples of one Equity Shares thereafter | 45 Equity Shares and in multiples of one Equity Shares |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply*** | Eligible Employees | (i) a Mutual Fund; (ii) a FII and subaccount (other than a sub account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a FPI other than Category III foreign portfolio investors, (iv) public financial institution as defined in Section 2(72) of the Companies Act, 2013; (v) AIFs, (vi) a scheduled commercial bank; (vii) a multilateral and bilateral development financial institution; (viii) a state industrial development | Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals and category III foreign portfolio investors | Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta) |

| Particulars | Eligible Employees | QIBs[@] | Non-Institutional Investors | Retail Individual Investors |
|---|---|---|---|---|
| | | corporation; (ix) an insurance company registered with the Insurance Regulatory and Development Authority; (x) a provident fund with minimum corpus of ₹ 250 million; (xi) a pension fund with minimum corpus of ₹ 250 million; (xii) National Investment Fund set up by resolution no. F. No. 2/ 3/ 2005 DDII dated November 23, 2005 of the Government of India published in the gazette of India; (xiii) insurance funds set up and managed by army, navy or air force of the Union of India; and (xiv) insurance funds set up and managed by the Department of Posts, India eligible for Bidding in the Offer | | |
| Terms of Payment[##] | Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form | Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form | Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form | Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form |

@ *Our Companyand the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For details, see"Offer Procedure" on page 366.*

* *Subject to valid Bids being received at or above the OfferPrice pursuant to Rule 19 (2) (b) (ii) of the SCRR, the Offer is being made for at least such percentage of the post-Offer paid-up Equity Share capital of our Company which will be equivalent to ₹ 4,000 million calculated at the Offer Price. The Offer is being made through the Book Building Process, wherein 50% of the Net Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Allotment of Equity Shares to each of the Retail Individual Investors shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under-subscription, if any, in any category other than QIB category, would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Balance Equity Shares arising out of under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to be met with spill over from the Employee Reservation Portion, subject to compliance with Rule 19(2)(b) of the SCRR.*

** *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount will be payable as per pay-in date mentioned in the revised CAN.*

*** *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*
*Bidders will be required to confirm and will be deemed to have represented to our Company, the BRLMs, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Offer.*

# *In case of oversubscription in Retail Category, maximum number of Retail Individual Investors who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot ("Retail – Bid Lot Allottees"). The Allotment to Retail Individual Investors will then be made in the following manner:*

*i. In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is equal to or less than Retail – Bid Lot Allottees, (i) all such Retail Individual Investors shall be Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to those Retail Individual Investors who have applied for more than the minimum Bid Lot, for the balance demand of the Equity Shares Bid by them (i.e. the difference between the Equity Shares Bid and the minimum Bid Lot).*

*ii. In the event number of Retail Individual Investors who have submitted valid Bids in the Offer is more than the Retail – Bid Lot Allottees, those Retail Individual Investors, who will be Allotted the minimum Bid Lot shall be determined on the basis of draw of lots. In the event of a draw of lots, Allotment will only be made to such Retail Individual Investors who are successful pursuant to such draw of lots.*

## *The SCSB shall be authorised to block such funds in the ASBA Account that is specified in the Bid cum Application Form.*

^ *Subject to finalization of basis of allotment*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB category would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to be met with spill over from the Employee Reservation Portion, subject to compliance with Rule 19(2)(b) of the SCRR. Further, a Bidder Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.

A total of up to 155,763 Equity Shares aggregating up to ₹ 50 million shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

**Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Offer at any time after the Bid/ Offer Opening Date but before the Board meeting for Allotment. In such an event our Company would issue a public notice in the newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the ASBA Accounts within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed.

If our Company and/or the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with an issue of our Company's Equity Shares or offer by shareholders, our Company shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of this

Prospectus after it is filed with the RoC.

**Bid/ Offer Programme**

| | |
|---|---|
| **OFFER OPENED ON:** | **February 8, 2016*** |
| **OFFER CLOSED ON (FOR QIBS):** | **February 10, 2016** |
| **OFFER CLOSED ON (FOR ALL BIDDERS, OTHER THAN QIBs)** | **February 10, 2016** |

**Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor shall Bid in the Anchor Investor Bid/ Offer Period i.e. one Working Day prior to the Bid/ Offer Opening Date, i.e. February 5, 2016.*

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date* |
|---|---|
| Bid/ Offer Closing Date | On or about February 10, 2016 |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about February 15, 2016 |
| Initiation of refunds/ un-blocking of ASBA Accounts | On or about February 16, 2016 |
| Credit of Equity Shares to demat accounts of Allottees | On or about February 17, 2016 |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about February 18, 2016 |

**Investors are requested to refer the SEBI Circular - CIR/ CFD/ POLICYCELL/11/2015 dated November 10, 2015 for the indicative time lines for the various post-Offer activities.*

**The above timetable is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders or the BRLMs. Whilst our Company and the Selling Shareholders shall use best efforts to ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder confirms that it shall extend all reasonable co-operation required by our Company, for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date.**

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time) during the Bid/ Offer Period (except the Bid/ Offer Closing Date). **Bids shall be accepted until 3.00 p.m. and uploaded until (a) 5.00 p.m. or such extended time as permitted by the Stock Exchanges in case of Bids by Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion; and (b) up to 4.00 p.m. for Bids by QIB Bidders and Non-Institutional Investors**. It is clarified that Bids not uploaded in the electronic Bidding system, would be rejected.

QIB Bidders and Non-Institutional Investors shall neither withdraw nor revise their Bids so as to lower the size of their Bid at any stage after they have Bid for the Offer. QIB Bidders and Non-Institutional Investors may revise their Bids upwards (in terms of quantity of Equity Shares or the Bid Amount) during the Bid/ Offer Period. Such upward revision must be made using the Revision Form. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion may either withdraw or revise their Bids until Bid/Offer Closing Date.

On the Bid/ Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. (IST)

on the Bid/ Offer Closing Date. All times mentioned in this Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Working Days. Neither our Company or Selling Shareholders nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Revisions, if any, in the Price Band, will be determined by our Company and Selling Shareholders in consultation with the BRLMs and will be determined during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision of the Price Band, the Bid/ Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminal of the Syndicate member(s).**

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

## OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under " – Part B - General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect enactments, regulations and amendments thereto. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

*Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this chapter and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.*

### *PART A*

***Book Building Procedure***

This Offer is being made pursuant to Rule 19 (2)(b) (ii) of the SCRR for at least such percentage of the post-Offer paid-up capital of our Company which is equivalent to ₹ 4,000 million when calculated at the Offer Price. This Offer is being made pursuant to Regulation 26(1) of the SEBI ICDR Regulations through the Book Building Process wherein 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, may in consultation with the BRLMs, allocate, up to 60% of the QIB Portion to Anchor Investors on a discretionary basis and at least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Out of the Net QIB Portion (QIB Portion minus the number of shares applied for by the Anchor Investors), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer would be available for allocation to Non-Institutional Investors on a proportionate basis and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. 155,763 Equity Shares aggregating up to ₹ 50 million shall be made available for allocation on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price.

In case of under-subscription in the Offer category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer. Under-subscription, if any in any category, except QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

**Bid cum Application Form**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Syndicate member(s), the Non-Syndicate Registered Brokers, the SCSBs, Collecting DPs and Collecting RTAs and the Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, NSE (www.nseindia.com) and BSE (www.bseindia.com) and the terminals of the Non-Syndicate Registered Brokers. Physical Bid cum Application Forms for Anchor Investors

shall be made available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA Process.

Bidders (other than Anchor Investors) must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected. For the Anchor Investors, bank account details shall be available from the depository account on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Form.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of a member of the Syndicate or a Non-Syndicate Registered Broker or an SCSB or a Collecting DP or a Collecting RTA, which shall be submitted at their respective Bidding Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis** | White |
| Eligible NRIs, FIIs, FPIs, or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis** | Blue |
| Anchor Investors*** | White |
| Eligible Employees Bidding in the Employee Reservation Portion | Pink |

** Excluding electronic Bid cum Application Form.*
*** Bid cum Application forms will also be available on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).*
**** Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.*

**Who can Bid?**

In addition to the category of Bidders set forth under "- General Information Document for Investing in Public Offers - Category of Investors Eligible to participate in an Offer**"**, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III Foreign Portfolio Investor;
- Category III Foreign Portfolio Investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors category;
- Eligible Employees Bidding in the Employee Reservation Portion;
- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

**Participation by associates and affiliates of BRLMs and Syndicate member(s)**

The BRLMs and the Syndicate member(s) shall not be entitled to purchase in this Offer in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLMs and the Syndicate member(s) may subscribe to or acquire Equity Shares in the Offer, including in the Net QIB Portion or Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

The BRLMs and any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs) or our Promoters and the Promoter Group cannot apply in the Offer under the Anchor Investor Portion. All categories of investors, including associates and affiliates of BRLMs and Syndicate member(s), shall be treated equally for the purpose of allocation to be made on a proportionate basis.

**Bids by Mutual Funds**

In case of Bids made by asset management companies or custodians of Mutual Funds, a certified copy of their certificate of registration issued by SEBI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 139,020^ Equity Shares in the Mutual Funds Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

**No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Offer.**

**In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

^ *Subject to finalization of basis of allotment*

**Bids by Eligible NRIs**

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their NRE Account or FCNR Accounts, maintained with banks authorised by the RBI to deal in foreign exchange. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder Bidding on a repatriation basis will not be accepted out of NRO accounts.

In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder Bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

Bids by Eligible NRIs for a payment amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a payment amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Bids by FPIs (including FIIs)**

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely 'foreign institutional investors' and 'qualified foreign investors' are subsumed under a new

category namely 'foreign portfolio investors' or 'FPIs'. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Offer in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Pursuant to the resolution of the Board dated September 24, 2015 and special resolution of the Shareholders in the AGM held on September 24, 2015, the aggregate limit of total holdings of all FPIs put together has been increased to 49%. The proposed increase in the said aggregate limit shall be effective from the date RBI takes note of the same.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. In case of Bids made by FPIs, a verified true copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached along with the Bid cum Application form, failing which our Company reserves the right to reject the Bid without assigning any reasons thereof.

Further, pursuant to a circular dated November 24, 2011 issued by SEBI, FPIs are permitted to issue offshore derivative instruments only to subscribers that (i) meet the eligibility criteria set forth in Regulation 4 of the SEBI FPI Regulations and (ii) do not have opaque structures, as defined under the SEBI FPI Regulations.

**Bids by Anchor Investors**

Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider participation by Anchor Investors in the Offer for up to 60% of the QIB Portion in accordance with the SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

(i) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate

Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date and be completed on the same day.

(v) Our Company and the Selling Shareholders in consultation with the BRLMs will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:

- where allocation in the Anchor Investor Portion is up to ₹ 100 million, maximum of two Anchor Investors;
- where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, minimum of two and maximum of 15 Anchor Investors, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
- where the allocation under the Anchor Investor portion is more than ₹ 2,500 million: (i) minimum of five and maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million; and (ii) an additional 10 Anchor Investors for every additional allocation of ₹ 2,500 million or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of ₹ 50 million per Anchor Investor.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within two Working Days from the Bid/ Offer Closing Date. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) The BRLMs, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

(xii) Anchor Investors are not permitted to Bid in the Offer through the ASBA process.

(xiii) For more information, see "*Offer Procedure - Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment – Allotment to Anchor Investor*" on page 404.

**Bids by banking companies**

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid

by a banking company without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Master Circular dated July 1, 2015 – Para-banking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

**Bids by Eligible Employees**

The Bid must be for a minimum of 45 Equity Shares and in multiples of 45 Equity Shares thereafter so as to ensure that the Bid Price payable by the Eligible Employee does not exceed ₹ 200,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).

(b) The Bid must be for a minimum of 45 Equity Shares and in multiples of 45 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 200,000. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 200,000.

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) The Bidder should be an Eligible Employee as defined above. In case of joint Bids, the first Bidder shall be an Eligible Employee.

(e) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

(f) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category.

(g) Eligible Employees can apply at Cut-off Price.

(h) Bid by Eligible Employees can be made also in the Net Offer and such Bids shall not be treated as multiple Bids.

(i) If the aggregate demand in this category is less than or equal to 155,763 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

(k) If the aggregate demand in this category is greater than 155,763 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 404 of this Prospectus.

**Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs.

Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

**Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "SEBI VCF Regulations") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, *inter alia* prescribe the investment restrictions on VCFs and FVCIs, respectively, registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/ 3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Bidders including Eligible NRIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, FIIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the Red Herring Prospectus with SEBI.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

**Bids by Insurance Companies**

In case of Bids made by Insurance Companies, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 are broadly set forth below:

(a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer, shall comply with all applicable regulations, guidelines and circulars issued by IRDA from time to time.

**Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Mutual Funds, Eligible FPIs, insurance companies and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/ or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any such Bid without assigning any reasons therefor.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.**

**General Instructions**
***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialised form only;

5. Ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Non-Syndicate Registered Broker at the Broker Centres or with a Collecting DP at the Designated CDP Locations or with a Collecting RTA at the Designated RTA Locations, and **not** to our Company or the Selling Shareholders;

6. Ensure that the Bid cum Application Form is signed by the ASBA account holder in case the applicant is not the ASBA account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

7. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

    (a) Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the

SCSB before submitting the Bid cum Application Form to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Non-Syndicate Registered Broker (at the Broker Centres), the Collecting DPs (at the Designated CDP Locations) or the Collecting RTSa (at the Designated RTA Locations);

8. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;

9. Submit revised Bids to the same member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA as applicable, through whom the original Bid was placed and obtain a revised TRS;

10. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act.

    The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

11. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

12. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

13. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms.

14. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

15. Ensure that the category and sub-category is indicated;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

17. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

18. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form match with the DP ID, Client ID and PAN available in the Depository database;

19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

20. In case of a Bid being submitted to a member of the Syndicate, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA ensure that the Bid cum Application Form is submitted to such member of the Syndicate, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA only in their respective Bidding Centres and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate, Non-Syndicate Registered Brokers, Collecting DPs and Collecting RTAs to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI http://www.sebi.gov.in);

21. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

22. Ensure that you have correctly signed the authorization/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and

23. Ensure that you receive an acknowledgement from the member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA (with whom the Bid cum Application Form is submitted) for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA;

4. Do not pay the Bid Amount in cash, by money order or by postal order or by stock invest;

5. Do not pay the Bid Amount by way of cheques or demand drafts;

6. Do not send Bid cum Application Forms by post; instead submit the same to the members of the Syndicate, SCSBs, Non-Syndicate Registered Brokers, Collecting DPs or Collecting RTAs only;

7. Do not submit the Bid cum Application Forms to the Anchor Escrow Collection Bank (assuming that such bank is not a SCSB), our Company, the Selling Shareholders or the Registrar to the Offer;

8. Do not Bid on a Bid cum Application Form that does not have the stamp of member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA;

9. Anchor Investors should not Bid through the ASBA process;

10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors;

11. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors and Eligible Employees Bidding under the Employee Reservation Portion);

12. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

13. Do not submit the Bid cum Application Form if you are a Non-Resident, except for: (i) an Eligible FPI (investing under the foreign portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations); (iii) an Eligible NRI investing on non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations;

14. Do not submit the GIR number instead of the PAN;

15. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;

16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

17. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

18. If you are a QIB, do not submit your Bid after 3.00 pm on the Bid/ Offer Closing Date for QIBs;

19. If you are a Non-Institutional Investor, Retail Individual Investor or Eligible Employee, do not submit your Bid after 3.00 pm on the Bid/ Offer Closing Date;

20. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;

21. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

22. Do not submit more than five Bid cum Application Forms per ASBA Account; and

23. Do not submit Bids to a to a member of the Syndicate, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location, for such member of the Syndicate, Non-Syndicate Registered Broker, Collecting DP or Collecting RTA to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http:/ / www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Payment instructions**

All Bidders (other than Anchor Investors) shall mandatorily use the ASBA mechanism for making payment.

**Payment into Anchor Escrow Account - Applicable only for Anchor Investors**

The payment instruments for payment into the Anchor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "***Anchor Escrow Account - Quick Heal IPO - Anchor Investor - R***"

(b) In case of Non-Resident Anchor Investors: "***Anchor Escrow Account – Quick Heal IPO - Anchor Investor - NR****"*

Further details for payment by Anchor Investors will be available in the Anchor Investor Application Form.

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations in the all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, each with wide circulation, and Pune edition of the Marathi newspaper Janshakti (Marathi being the regional language of Maharashtra, the state where our Registered Office is located), a regional newspaper with wide circulation at the place where the Registered Office is located.

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. This Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of Sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

***"Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under Section 447."***

Section 447 of Companies Act, 2013 deals with 'Fraud' and prescribed a punishment of "imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud".

**Undertakings by our Company**

Our Company undertakes that:

- if our Company or Selling Shareholders do not proceed with the Offer, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- if our Company and the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company and/ or the Selling Shareholders subsequently decides to proceed with the Offer;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/ Offer Closing Date;

- the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- allotment letters shall be issued or application money shall be refunded within 15 Working Days from the Bid/ Offer Closing Date or such lesser time as specified by SEBI, else application money shall be refunded forthwith failing which interest shall be due to the applicant at the rate of 15% per annum for the delayed period.

- the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;

- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;

- adequate arrangements shall be made to collect all Bid cum Application Forms;

- the Selling Shareholders shall not have recourse to the Offer Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought have been received.

**Undertakings by the Selling Shareholders**

Each Selling Shareholder severally undertakes that:

- the Equity Shares being sold by it pursuant to the Offer, have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold by it in the Offer for Sale;

- the Equity Shares being sold by it pursuant to the Offer for Sale are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the time specified under applicable law;

- it shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer for Sale;

- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer for Sale;

- funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus and Prospectus shall be made available to the Registrar to the Offer by the Selling Shareholders;

- it shall provide such reasonable support and extend such reasonable co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 Working Days from the Bid/ Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- it shall not have recourse to the proceeds of the Offer for Sale until final approval for trading of the Equity Shares from the Stock Exchanges have been received;

- if the Selling Shareholders does not proceed with the Offer after the Bid/ Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the BRLMs in this regard;

- it shall not further transfer the Equity Shares being sold by it pursuant to the Offer except in the Offer during the period commencing from submission of the Red Herring Prospectus with RoC until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;

- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer for Sale are available for transfer in the Offer within the time specified under applicable law; and

- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer.

Each Selling Shareholder along with our Company declare that all monies received out of the Offer for Sale and the Offer, respectively, shall be credited/ transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 40 of the Companies Act, 2013.

**PARTB**
**General Information Document for Investing in Public Issues**

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013,the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders / Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders / Applicants should rely on their own examination of the Company and the Offer, and should carefully read the Red Herring Prospectus/ Prospectus before investing in the Offer.*

## SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "**SEBI ICDR Regulations**").

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/ or for subscribing to securities in an Offer and the relevant information about the Company undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Company with the Registrar of Companies ("RoC"). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ Application Form and the Abridged Prospectus of the Company in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/ or overlap between the disclosure included in this document and the RHP/ Prospectus, the disclosures in the RHP/ Prospectus shall prevail. The RHP/ Prospectus of the Company is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/ Applicants may refer to "Glossary and Abbreviations".

## SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs

### 2.1 Initial public offer(IPO)

An IPO means an offer of specified securities by an unlisted Company to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Company.

For undertaking an IPO, a Company is *inter alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Company, Bidders/Applicants may refer to the RHP/ Prospectus.

### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Company to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed company.

For undertaking an FPO, the company is *inter alia* required to comply with the eligibility requirements in terms of Regulation 26/ 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the company, Bidders/ Applicants may refer to the RHP/ Prospectus.

### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an company proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

## 2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, accompany can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). A company may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of affixed price issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The company shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-Offer advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/ Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/ Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

## 2.5 ISSUE PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to '2. The Bid Cum Application Form and Abridged Prospectus or RHP/ Prospectus for details of the Bid/ Offer Period. Details of Bid/ Offer Period are also available on the website of Stock Exchange(s).

In case of a Book Built Offer, the company may close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/ Offer Period may be extended by at least three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/ Applicants may check the announcements made by the Company on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

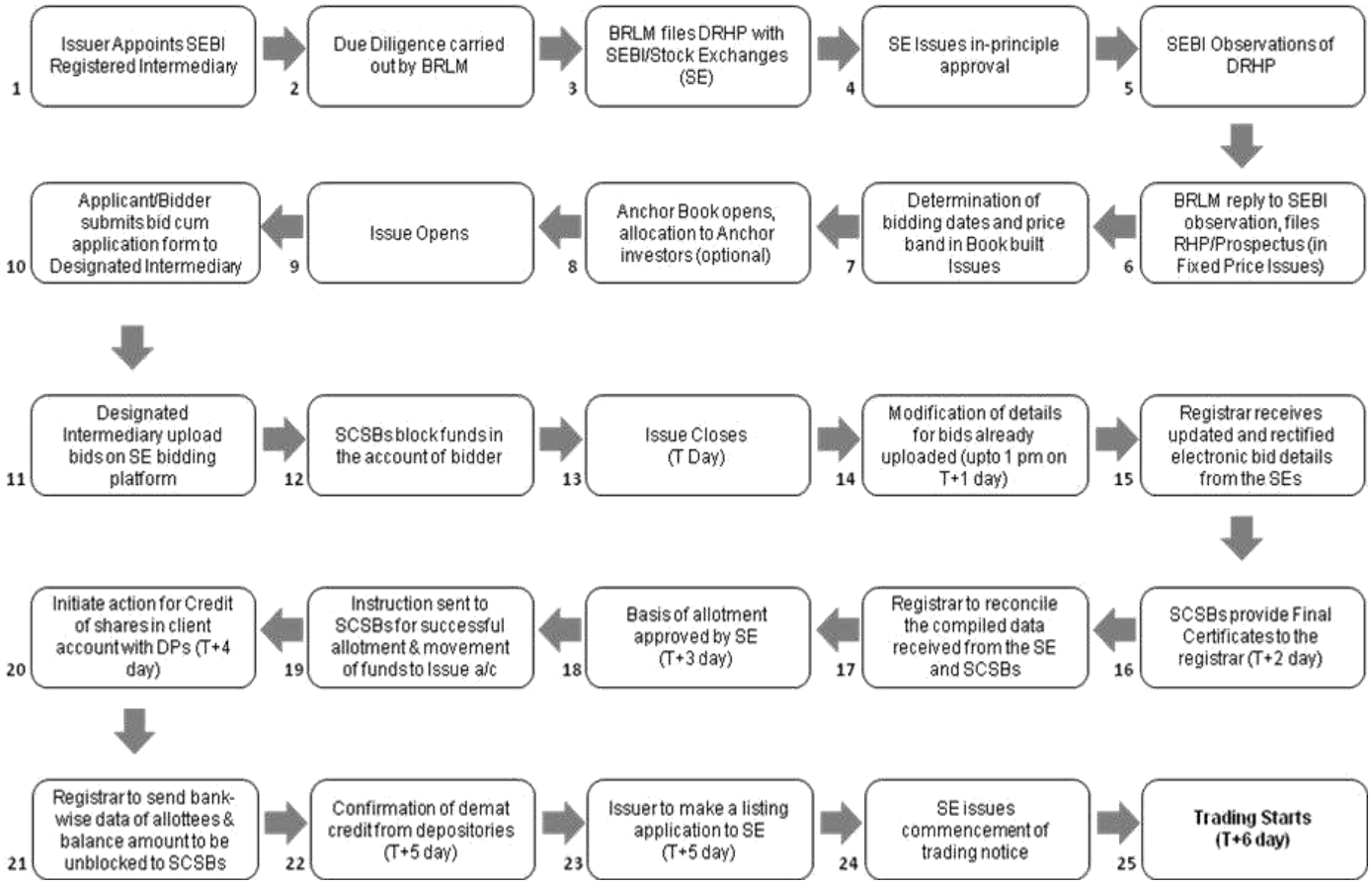
## 2.6 FLOW CHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step7: Determination of Offer Date and Price

  (ii) Step10: Applicant submits Application Form with a member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or a Collecting RTA


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

## SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

***Each Bidder/ Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Bidders/ Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/ Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/ Prospectus for more details.

Subject to the above, an illustrative list of Bidders/ Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act,1872, in single or joint names (not more than three);
- Bids/ Applications belonging to an account for the benefit of a minor( under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/ Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ Application Form as follows:

  "Name of sole or first Bidder/ Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/ Applications by HUFs may be considered at par with Bids/ Applications from individuals;

- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on are patriation basis or on a non-repatriation basis subject to applicable law;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/ societies registered under the Societies Registration Act, 1860,or under any other law relating to trusts/ societies and who are authorised under the irrespective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act,2008; and
- Any other person eligible to Bid/ Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

## SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, SCSB, Non-Syndicate Registered Broker, Collecting DP or a Collecting RTA as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs, Collecting DPs, Collecting RTAs and at the registered office of the Company. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/ Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Cum Application Form either bearing the stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Company. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/ Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid

cum Application Form for various categories of Bidders/ Applicants is as follows:

| Category | Colour of the Bid cum Application Form |
|---|---|
| Resident Indian, Eligible NRIs applying on an on-repatriation basis | White |
| NRIs, FVCIs, foreign individuals bidding under the QIB), Eligible FPIs, on are patriation basis | Blue |
| Anchor Investors (where applicable) & Bidders/ Applicants bidding/ applying in the reserved category | As specified by the Issuer |

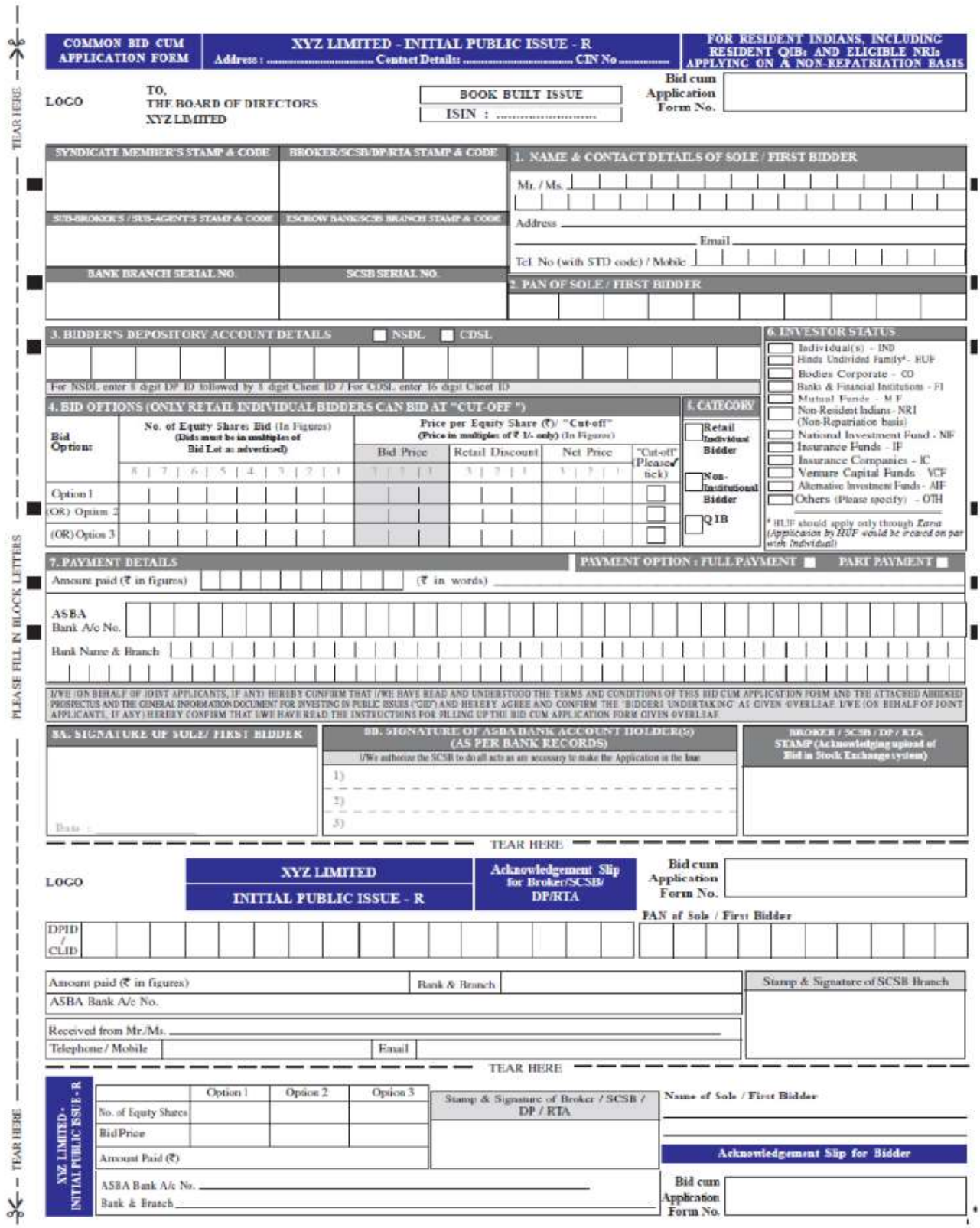
Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities re-materialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATIONFORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

A sample of the Bid cum Application Form for resident Bidders is reproduced below:



COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : ..... Contact Details: ..... CIN No .....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : .....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

| Bid Option | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick) |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians- NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDER'S UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)

Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Paid (₹) | | | |

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER/ APPLICANT

(a) Bidders/ Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(d) **Mandatory Fields:** Bidders/ Applicants should note that the name and address fields are compulsory and e-mail and/ or telephone number/ mobile number fields are optional. Bidders/ Applicants should note that the contact details mentioned in the Bid-cum Application Form/ Application Form may be used to dispatch communications(including letters notifying the unblocking of the bank accounts of Bidders/ Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Company, the members of the Syndicate, the Registered Broker, Collecting DPs, Collecting RTAs and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(b) **Joint Bids/ Applications:** In the case of Joint Bids/ Applications, the Bids / Applications should be made in the name of the Bidder/ Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder/ Applicant would be required in the Bid cum Application Form/ Application Form and such First Bidder/ Applicant would be deemed to have signed on behalf of the joint holders All communications may be addressed to such Bidder/ Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(c) **Impersonation:** Attention of the Bidders/ Applicants is specifically drawn to the provisions of Sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

1. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
2. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
3. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.
4. The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount."

(d) **Nomination Facility to Bidder/ Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective DP.

### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/ FIRST BIDDER/ APPLICANT

(a) PAN (of the sole/ First Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/ Applications by Bidders/ Applicants residing in Sikkim ("**PAN Exempted Bidders/ Applicants**"). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application

Amount. A Bid cum Application Form/ Application Form without PAN, except in case of Exempted Bidders/ Applicants, is liable to be rejected. Bids/ Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/ Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/ Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/ MRD/ DP/ 22/ 2010. Such accounts are classified as "**Inactive demat accounts**" and Demographic Details are not provided by depositories.

### 4.1.3 FIELD NUMBER 3: BIDDERS/ APPLICANTS DEPOSITORY ACCOUNT DETAILS

(a) Bidders/ Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/ Application Form. The DP ID and Client ID provided in the Bid cum Application Form/ Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form/ Application Form is liable to be rejected.

(b) Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/ Application Form is active.

(c) Bidders/ Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/ Application Form, the Bidder/ Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/ Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Offer. Please note that refunds, on account of failure of the Offer, shall be credited only to the bank account from which the Bid Amount was remitted to the Public Issue Account/Anchor Escrow Account.

(d) Bidders/ Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/ Applicants' sole risk.

### 4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/ RHP by the Company. The Company is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs / FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (section 5.6 (e)).

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the

Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot:** The Company in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by aCompany on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/ Prospectus or the advertisement regarding the Price Band published by the Company.

#### 4.1.4.1 Maximum and Minimum Bid Size

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors and Employees must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Portion for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/ Prospectus, or as advertised by the Company, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer

Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (section 5.6 (e))

#### 4.1.4.2 Multiple Bids

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB, Registered Broker, Collecting DP or Collecting RTA and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.
ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

### 4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Portion can be allocated by the Company, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/ Prospectus.

(c) A Company can make reservation for certain categories of Bidders/ Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, Bidders/ Applicants may refer to the RHP/ Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in the Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/ Applicant may refer to the RHP/ Prospectus.

### 4.1.6 FIELD NUMBER 6: INVESTOR STATUS

(a) Each Bidder/ Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/ Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/ Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/ Prospectus for more details.

(c) Bidders/ Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/ Applicants should ensure that their investor status is updated in the Depository records.

### 4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked on the basis of the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) All Bidders (other than Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

#### 4.1.7.1 Payment instructions for Bidders (other than Anchor Investors)

(a) Bidders may submit the Bid cum Application Form either

i. in physical mode to the Designated Branch of an SCSB where the Bidders/ Applicants have ASBA Account, or

ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

in physical mode to a member of the Syndicate, SCSB, Registered Broker, Collecting DP or Collecting RTA at their respective Bidding Centres

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http:/ / www.sebi.gov.in).

(g) Bidders bidding through a Registered Broker, Collecting RTA or a Collecting DP should note that Bid cum Application Forms submitted to the Registered Brokers, Collecting RTAs or Collecting DPs may not be accepted by the Registered Broker, the Collecting RTA or the Collecting DP, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, Collecting RTAs or Collecting DPs to deposit Bid cum Application Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

**4.1.7.2.2 Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.

#### 4.1.7.3 Discount (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/ Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block an amount net of Discount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

### 4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder/ Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/ Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) Signature has to be correctly affixed in the authorization/ undertaking box in the Bid cum Application Form/ Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/ Application Form.

(d) Bidders/ Applicants must note that Bid cum Application Form/ Application Form without signature of Bidder/ Applicant and / or ASBA Account holder is liable to be rejected.

### 4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

1. Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker, SCSB, Collecting DP or Collecting RTA, as applicable, for submission of the Bid cum Application Form.

(a) Applicants (in a fixed price Issue) should ensure that they receive the acknowledgment duly signed and stamped by the SCSB, as applicable, for submission of the Application Form.

(b) All communications in connection with Bids/ Applications made in the Offer should be addressed as under:

(i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/ Applicants should contact the Registrar to the Offer.
(ii) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/ Applicants should contact the relevant Designated Branch of the SCSB.
(iii) In case of queries relating to uploading of Bids by a member of the Syndicate, the Bidders/ Applicants should contact the relevant member of the Syndicate.
(iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/ Applicants should contact the relevant Registered Broker.
(v) In case of queries relating to uploading of Bids by a Collecting RTA, the Bidders/ Applicants should contact the relevant Collecting RTA.
(vi) In case of queries relating to uploading of Bids by a Collecting DP, the Bidders/ Applicants should contact the relevant Collecting DP.

(vii) Bidder/ Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Offer.

(c) The following details (as applicable) should be quoted while making any queries -

(i) full name of the sole or First Bidder/ Applicant, Bid cum Application Form number, Applicants'/ Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

1. name and address of the member of the Syndicate, Registered Broker, the Designated Branch of the SCSB, Collecting DP or Collecting RTA, as the case may be, with whom the Bid was submitted or

(ii) ASBA Account number in which the amount equivalent to the Bid Amount was blocked.
(iii) In case of Anchor Investors, the cheque or demand draft number and the name of the issuing bank thereof.

For further details, Bidder/ Applicant may refer to the RHP/ Prospectus and the Bid cum Application Form.

**4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

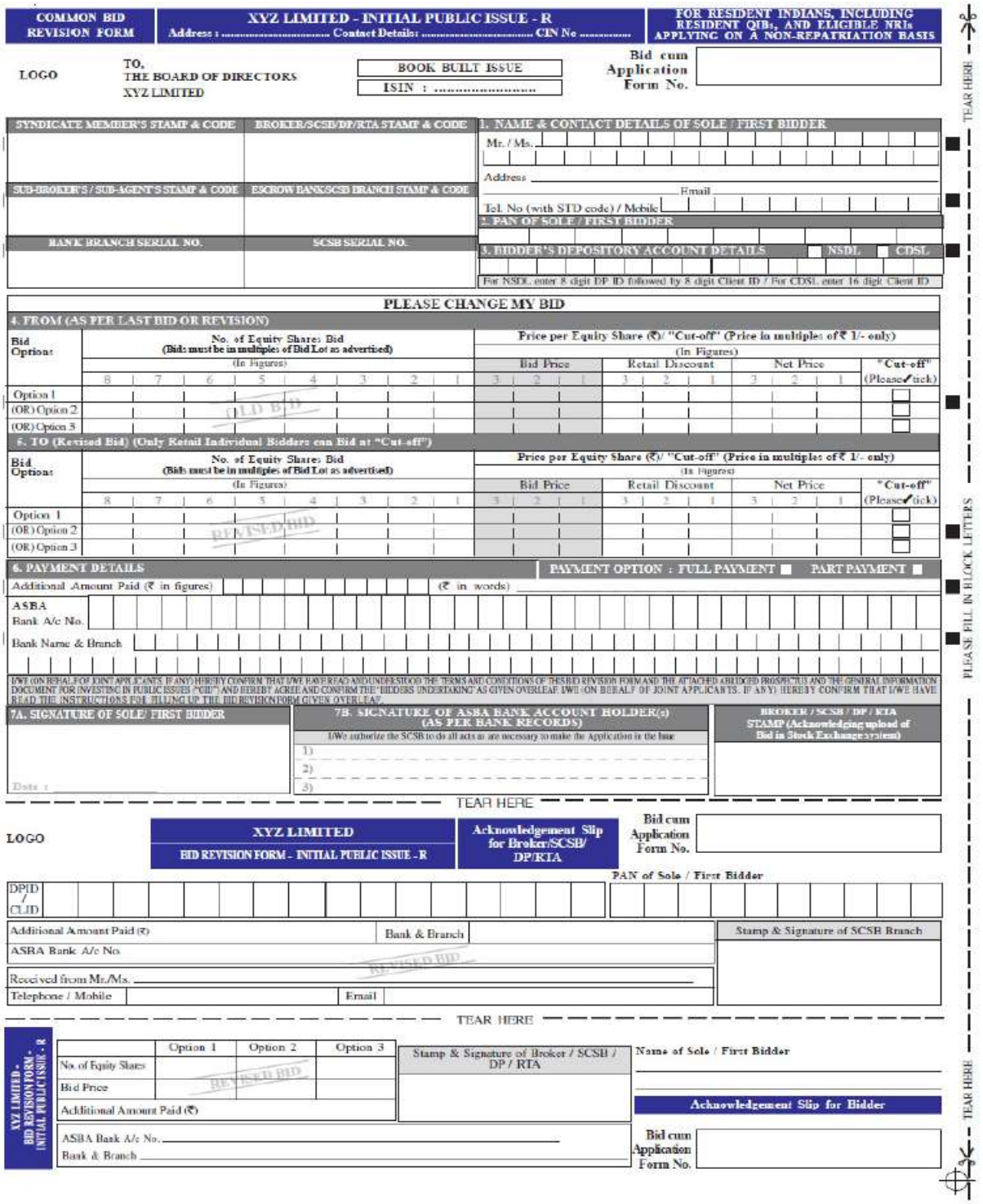
(a) During the Bid/ Offer Period, any Bidder/ Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise or withdraw their bids till closure of the bidding period.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

1. The Bidder/ Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/ Applicants will have to use the services of the same member of the Syndicate, Registered Broker, SCSB, Collecting DP or Collecting RTA, as the case may be, through which such Bidder/ Applicant had placed the original Bid. Bidders/ Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:



COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : ..... Contact Details: ..... CIN No .....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : .....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

| Bid Options | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | | |
|---|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-off" (Please✓tick) | |
| Option 1 | | | | | | |
| (OR) Option 2 | | | | | | |
| (OR) Option 3 | | | | | | |

OLD BID

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

| Bid Options | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | | |
|---|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-off" (Please✓tick) | |
| Option 1 | | | | | | |
| (OR) Option 2 | | | | | | |
| (OR) Option 3 | | | | | | |

REVISED BID

6. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT ■ PART PAYMENT ■

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange(s) system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

REVISED BID

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Additional Amount Paid (₹) | | | |

REVISED BID

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER/ APPLICANT, PAN OF SOLE/ FIRST BIDDER/ APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/ APPLICANT

Bidders/ Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/ Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/ Applicant has Bid for three options in the Bid cum Application Form and such Bidder/ Applicant is changing only one of the options in the Revision Form, the Bidder/ Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/ Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/ Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/ Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount blocked at the time of bidding may be unblocked.

### 4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/ Applicants are required to make payment/authorise blocking of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/ Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

1. Bidders/ Applicants, may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate, Registered Broker, Designated Branch of the SCSB, Collecting DP or Collecting RTA (as the case may be) through whom such Bidder/ Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(b) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the Bidder/ Applicant does not either revise the Bid or offer instruction to block revised amount and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/ Applicant and the Bidder/ Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(c) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of bidding may be unblocked.

### 4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/ Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

## 4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

### 4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER/ APPLICANT, PAN OF SOLE/ FIRST BIDDER/ APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/ APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

(a) The Company may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot:** The Company in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by a Company on basis of such minimum application value.

(c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Company, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or another SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/ Applicant and may be rejected.

(ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

(i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.

(ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

### 4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) A Company can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

### 4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

### 4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants are required to make use ASBA mechanism to apply in the issue.

(b) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

#### 4.3.5.1 Payment instructions for Applicants

(a) Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

**4.3.5.1.1 Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

**4.3.5.3 Discount (if applicable)**

(a) The Discount is stated in absolute rupee terms,

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

**4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

**4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/ APPLICATION FORM**

**4.4.1 Bidders/ Applicants may submit completed Bid cum Application form / Revision Form in the following manner:-**

| Mode of Application | Submission of Bid cum Application Form |
|---|---|
| Anchor Investors | To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form |
| ASBA Application | (a) To Designated Branches of the SCSBs where the ASBA Account in maintained; or<br>(b) To the members of the Syndicate, Registered Brokers, Collecting DPs or Collecting RTAs, at their respective Bidding Centres. |

1. Bidders/ Applicants should submit the Revision Form to the same member of the Syndicate, Registered Broker, SCSB, Collecting DP or Collecting RTA through whom such Bidder/ Applicant had placed the original Bid.

(a) Upon submission of the Bid cum Application Form, the Bidder/ Applicant will be deemed to have authorized the Company to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.

(b) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Offer Price is finalised after the Bid/ Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

### 5.1 SUBMISSION OF BIDS

(a) During the Bid/ Offer Period, Bidders/ Applicants may approach the Designated Intermediaries to register their Bids.

(b) Bidders/ Applicants (excluding NIIs and QIBs) bidding at Cut-off Price may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/ Applicants are requested to refer to the RHP.

### 5.2 ELECTRONIC REGISTRATION OF BIDS

1. The Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the issue.

(a) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

2. Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs are given time till 1:00 pm on the day after the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

### 5.3 BUILD UP OF THE BOOK

1. Bids received from various Bidders/ Applicants through the Syndicate, Registered Brokers, the SCSBs, Collecting DPs and Collecting RTAs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.

(a) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Offer Period.

### 5.4 WITHDRAWAL OF BIDS

1. RIIs can withdraw their Bids until closure of the bidding period. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned SCSB, the Syndicate member(s), or Registered Broker, Collecting DP or Collecting RTA, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

### 5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

1. The members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and/or Collecting RTAs are individually responsible for the acts, mistakes or errors or omission in relation to

1. the Bids accepted by the members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs,

(i) the Bids uploaded by the members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs,

(ii) the Bid cum application forms accepted but not uploaded by the members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs, or

(iii) Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(a) The BRLMs and their affiliate syndicate member(s), as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(b) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(c) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate syndicate member(s) (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(d) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

### 5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/ Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs, or at the time of finalisation of the Basis of Allotment. Bidders/ Applicants are advised to note that the Bids/ Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/ Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/ Applications by OCBs;

(c) In case of partnership firms, Bid/ Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/ Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/ Application Form;

(e) Bids/ Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/ Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/ Application Form;

(h) PAN not mentioned in the Bid cum Application Form/ Application Form except for Bids/ Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/ Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/ Applications at a price less than the Floor Price & Bids/ Applications at a price more than the Cap Price;

(l) Bids/ Applications at Cut-off Price by NIIs and QIBs;

(m) The amount mentioned in the Bid cum Application Form/ Application Form does not tally with the amount payable for the value of the Equity Shares Bid/ Applied for;

(n) Bids/ Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) Submission of more than five Bid cum Application Forms/ Application Form as per ASBA Account;

(p) Bids/ Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(q) Multiple Bids/ Applications as defined in this GID and the RHP/ Prospectus;

(r) Bid cum Application Forms/ Application Forms are not delivered by the Bidders/ Applicants within the time prescribed as per the Bid cum Application Forms/ Application Form, Bid/ Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(s) Inadequate funds in the bank account to block the Bid/ Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/ Application Amount in the bank account;

(t) In case of Anchor Investors, Bids/ Applications where sufficient funds are not available in Anchor Escrow Accounts as per final certificate from the Anchor Escrow Collection Bank;

(u) Where no confirmation is received from SCSB for blocking of funds;

(v) Bids/ Applications not submitted through ASBA process or Bids/ Applications

(w) Bids/ Applications submitted to a BRLMs at locations other than the Specified Cities and Bid cum Application Forms/ Application Forms, submitted to the Bankers to the Offer (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Company or the Registrar to the Offer;

(x) Bids/ Applications not uploaded on the terminals of the Stock Exchanges;

(y) Bids/ Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/ Application Form.

## 5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/ Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in Retail Portion is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Portion is not available for subscription to other categories.

(c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Offer. For allocation in the event of an under-subscription applicable to the Company, Bidders/ Applicants may refer to the RHP.

Illustration of the Book Building and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids received from various investors.

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the Company is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.0 in the above example. The Company, in consultation with the BRLMs, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.0. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**(e) Alternate Method of Book Building**

In case of FPOs, companies may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("**Alternate Book Building Process**").

The company may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the company may place a cap either in terms of number of specified securities or percentage of issued capital of the Company that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs.

Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the Designated Branches of the SCSBs authorising blocking of funds that are available in the

bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/ Applicants may refer to the relevant chapter of the GID.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/ Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to RHP/ Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The company is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### 7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Portion at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Portion at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### 7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### 7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Portion (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Portion may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Portion; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

**7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the company subject to compliance with the following requirements:

(i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;

(ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual

(iii) Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

(iv) Allocation to the Anchor Investors shall be on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:

- where allocation in the Anchor Investor Portion is up to ₹ 10 crores, maximum of two Anchor Investors;

- where the allocation under the Anchor Investor Portion is more than ₹ 10 crores but up to ₹ 250 crores, minimum of two and maximum of 15 Anchor Investors, subject to a minimum Allotment of ₹ 5 crores per Anchor Investor; and

- where the allocation under the Anchor Investor portion is more than ₹ 250 crores: (i) minimum of five and maximum of 15 Anchor Investors for allocation up to ₹ 250 crores; and (ii) an additional 10 Anchor Investors for every additional allocation of ₹ 250 crores or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of ₹ 5 crores per Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the company in consultation with the Book Running Lead Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) In the event that the Offer Price is higher than the Anchor Investor Offer Price: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors

(d) In the event the Offer Price is lower than the Anchor Investor Offer Price: Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Company may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Company;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Anchor Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Anchor Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Offer. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds from ASBA Accounts representing the successful applications and allocation of Equity Shares in terms of the basis of allotment to the Public Issue Account. Surplus amounts, if any, and Bid Amounts in respect of unsuccessful applications will be unblocked in the respective ASBA Accounts.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Company shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/ Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/ Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Company will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/ Applicants Depository Account will be completed within six Working Days of the Bid/ Offer Closing Date. The Company also ensures the credit of shares to the successful Applicant's depository account

is completed within five Working Days from the Bid/Offer Closing Date, after the funds are transferred from the Anchor Escrow Account to the Public Issue Account on the Designated Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Company may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Bid/ Offer Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

A Company makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Company fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Company may be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Company may forthwith refund, without interest, all moneys received from the Bidders/ Applicants in pursuance of the RHP/ Prospectus.

If such money is not refunded to the Bidders within the prescribed time after the Company becomes liable to refund, then the Company and every director of the Company who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

#### 8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the company does not receive the minimum subscription of 90% of the Fresh Offer including devolvement of Underwriters (subject to Allotment of minimum of 10% of the Post Offer Equity Share Capital in the Offer, as prescribed in rule 19(2)(b)(iii) of SCRR), the Company shall forthwith take steps to unblock the entire subscription amount received and repay without interest, Bid Amounts received from Anchor Investors within such period as prescribed under Regulation 14 of the SEBI ICDR Regulations. If there is a delay beyond prescribed period, our Company shall pay interest as prescribed under Rule 11 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time, then the Company and every director of the Company who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum.

#### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Company may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

#### 8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING – Not applicable

In case an Company not eligible under Regulation 26(1) of the SEBIICDR Regulations, 2009 comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

**8.3 MODE OF REFUND**

(a) **In case of Bids/ Applications (from Bidders other than Anchor Investors):** Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/ Application and also for any excess amount blocked on Bidding/ Application.

(b) **In case of Bids by Anchor Investors:** Refund to Anchor Investors will be in the event of failure of the Offer on account of instances described in paragraphs 8.2.1, 8.2.2, 8.2.3 and 8.2.4 above

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders/ Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the sole risk of the Anchor Investors and neither the Company, the Registrar to the Offer, the Bankers to the Offer, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Public Issue Account/ Anchor Escrow Account.

8.3.1 Mode of making refunds to (i) Anchor Investors; and (ii) refunds to all Bidders in the event of non-receipt of listing permission from Stock Exchanges

The payment of refund, if any, may be done through various modes as mentioned below:

(a) **NECS -** Payment of refund may be done through NECS for Bidders/ Applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/ Applicant as obtained from the Depository;

(b) **NEFT -** Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/ Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/ Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/ Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this chapter;

(c) **Direct Credit—**Bidders/ Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(d) **RTGS**—Bidders/ Applicants having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(e) For all the other Bidders/ Applicants, including Bidders/ Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

Please note that refunds, on account of failure of the Offer, through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Anchor Escrow Account/Public Issue Account.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc. Bidders/ Applicants may refer to RHP/ Prospectus.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Company shall pay interest at the rate of 15% per annum if refund orders (in case of Anchor Investors) are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner (in the case of Anchor Investors), the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to Bidders/ Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/ Offer Closing Date.

The Company may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

| Term | Description |
|---|---|
| Allotment/ Allot/ Allotted | The allotment of Equity Shares pursuant to the Offer to successful Bidders/ Applicants |
| Allottee | An Bidder/ Applicant to whom the Equity Shares are Allotted |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Bidders/ Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Anchor Escrow Account | Account opened with the Anchor Escrow Collection Bank and in which Anchor Investors will deposit the Bid Amount |
| Anchor Escrow Collection Bank | A Banker to the Offer with whom the Anchor Escrow Account is opened to receive Bid Amounts from Anchor Investors |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBIICDR Regulations, 2009. |
| Anchor Investor Portion | Up to 60% of the QIB Portion which may be allocated by the Company in consultation with the Book Running Lead Managers, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors |
| Application Form | The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue |
| Application Supported by Blocked Amount/ (ASBA)/ ASBA | An application, whether physical or electronic, used by Bidders/ Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB |
| ASBA Account | Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/ Applicant (other than Anchor Investors) |
| Banker(s) to the Offer | The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Account, Refund Account and/or Public Offer Account may be opened, and as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Company |
| Basis of Allotment | The basis on which the Equity Shares may be Allotted to successful Bidders/ Applicants under the Offer |
| Bid | An indication to make an offer during the Bid/ Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application |
| Bid / Offer Closing Date | The date after which the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Company is situated, each with wide circulation. Applicants/ bidders may refer to the RHP/ Prospectus for the Bid/ Offer Closing Date |
| Bid/ Offer Opening Date | The date on which the Syndicate, SCSBs, Registered Brokers, Collecting DPs and Collecting RTAs may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Company is situated, each with wide circulation. Applicants/ bidders may refer to the RHP/ Prospectus for the Bid/ Offer Opening Date |

| Term | Description |
|---|---|
| Bid/ Offer Period | Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders/ Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Company may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/ Offer Closing Date in accordance with the SEBIICDR Regulations, 2009. Applicants/ bidders may refer to the RHP/ Prospectus for the Bid/ Offer Period |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/ Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount |
| Bid cum Application Form | The form in terms of which the Bidder/ Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form |
| Bidder/ Applicant | Any prospective investor who makes a Bid pursuant to the terms of the RHP/ Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/ Applicant should be construed to mean an Bidder/ Applicant |
| Bidding Centres | Centres at which the Bid cum Application Forms will be accepted from the Bidders (other than Anchor Investors) by members of the Syndicate, Registered Brokers, SCSBs, Collecting DPs and Collecting RTAs, i.e., (i) Designated Branches of the SCSBs where the relevant ASBA Account mentioned in the Bid cum Application Form is maintained; (ii) Specified Locations for Syndicate, (iii) Broker Centres for Registered Brokers, (iv) Designated RTA Locations for Collecting RTAs and (v) Designated CDP Locations for Collecting DPs. |
| Book Built Process/ Book Building Process/ Book Building Method | The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Bidders/ Applicants can submit the Bid cum Application Forms/ Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges. |
| Book Running Lead Managers | The Book Running Lead Manager to the Offer as disclosed in the RHP/ Prospectus and the Bid cum Application Form of the Company. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM |
| Business Day | Monday to Friday (except public holidays) |
| CAN/ Confirmation of Allotment Note | The note or advice or intimation sent to each successful Bidder/ Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange |
| Cap Price | The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted |
| Collecting Depository Participant or Collecting DP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and have furnished their details to the stock exchanges for acting in such capacity<br><br>A list of Collecting DPs are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Collecting RTAs | Entities registered with SEBI as "Registrar to an Issue" which are eligible to procure Bids in terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms |

| Term | Description |
|---|---|
| | through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to the stock exchanges for acting in such capacity<br><br>A list of Collecting RTAs are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account |
| Cut-off Price | Offer Price, finalised by the Company in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/ Applicants are entitled to Bid at the Cut-off Price |
| DP | Depository Participant |
| DP ID | Depository Participant's Identification Number |
| Depositories | National Securities Depository Limited and Central Depository Services (India) Limited |
| Demographic Details | Details of the Bidders/ Applicants including the Bidder/ Applicant's address, name of the Applicant's father/ husband, investor status, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms from Bidders/ Applicants other than Anchor Investors and a list of which is available on http:/ / www.sebi.gov.in |
| Designated CDP Locations | Such locations of the Collecting DPs where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms.<br><br>The details of Designated CDP Locations, along with names and contact details of the Collecting DPs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Designated Date | The date on which funds are transferred by the Anchor Escrow Collection Bank from the Anchor Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/ Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale |
| Designated RTA Locations | Such locations of the Collecting RTAs where Bidders can submit the Bid cum Application Forms.<br><br>The details of such Designated RTA Locations, along with names and contact details of the Collecting RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com |
| Designated Stock Exchange | The designated stock exchange as disclosed in the RHP/ Prospectus of the Company |
| Discount | Discount to the Offer Price that may be provided to Bidders/ Applicants in accordance with the SEBI ICDR Regulations, 2009. |
| Draft Prospectus | The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band |
| Employees | Employees of an Company as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/ Applicant may refer to the RHP/ Prospectus |
| Equity Shares | Equity shares of the Company |
| Escrow Agreement | Agreement to be entered into among the Company, the Registrar to the Offer, the Book Running Lead Manager(s), the Syndicate Member(s), the Banker(s) to the Offer and the Refund Bank(s) for collection of the Bid Amounts and where |

| Term | Description |
|---|---|
| | applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof |
| FCNR Account | Foreign Currency Non-Resident Account |
| FII(s) | Foreign Institutional Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014 and registered with SEBI under applicable laws in India |
| Fixed Price Issue/ Fixed Price Process/ Fixed Price Method | The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto |
| FPIs | Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPO | Further public offering |
| Foreign Venture Capital Investors or FVCIs | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000 |
| IPO | Initial public offering |
| Issuer/ Company | The company proposing the initial public offering/ further public offering as applicable |
| Maximum RII Allottees | The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot. |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 |
| Mutual Funds Portion | 5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/ Prospectus and Bid cum Application Form |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/ Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| Net Offer | The Offer less reservation portion |
| Non-Institutional Investors or NIIs | All Bidders/ Applicants, that are not QIBs or RIIs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Category | The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/ Prospectus and the Bid cum Application Form |
| Non-Resident | A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCIs |
| OCB/ Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Offer | Public Issue of Equity Shares of the Company including the Offer for Sale |
| Offer for Sale | Public offer of such number of Equity Shares as disclosed in the RHP/ Prospectus through an offer for sale by the Selling Shareholder |
| Offer Price | The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Company in consultation with the Book Running Lead Manager(s) |

| Term | Description |
|---|---|
| Other Investors | Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Price Band | Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Company in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Company is situated, newspaper each with wide circulation |
| Pricing Date | The date on which the Company in consultation with the Book Running Lead Manager(s), finalise the Issue Price |
| Prospectus | The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price ,the size of the Issue and certain other information |
| Public Issue Account | An account opened with the Banker to the Issue to receive monies from the Anchor Escrow Account and from the ASBA Accounts on the Designated Date |
| QIB Portion | The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis |
| Qualified Institutional Buyers or QIBs | As defined under SEBI ICDR Regulations, 2009 |
| RTGS | Real Time Gross Settlement |
| Red Herring Prospectus/ RHP | The red herring prospectus issued in accordance with section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus |
| Refund Account | The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made |
| Refund Bank | The bank with which a Refund Account is opened |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable |
| Registered Broker | Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate |
| Registrar to the Issue/ RTI | The Registrar to the Issue as disclosed in the RHP/ Prospectus and Bid cum Application Form |
| Reserved Category/ Categories | Categories of persons eligible for making application/ bidding under reservation portion |
| Reservation Portion | The portion of the Issue reserved for category of eligible Bidders/ Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Retail Individual Investors / RIIs | Investors who applies or bids for a value of not more than ₹ 200,000. |
| Retail Individual Shareholders | Shareholders of a listed Company who applies or bids for a value of not more than ₹ 200,000. |
| Retail Category | The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis. |
| Revision Form | The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/ or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |

| Term | Description |
|---|---|
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Self-Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http:/ / www.sebi.gov.in |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time |
| Stock Exchanges/ SE | The stock exchanges as disclosed in the RHP/ Prospectus of the Company where the Equity Shares Allotted pursuant to the Issue are proposed to be listed |
| Syndicate | The Book Running Lead Manager(s) and the Syndicate member(s) |
| Syndicate Agreement | The agreement to be entered into among the Company, and the Syndicate in relation to collection of the Bids in this Issue |
| Syndicate Member(s)/ SM | The Syndicate Member(s) as disclosed in the RHP/ Prospectus |
| Underwriters | The Book Running Lead Manager(s) and the Syndicate Member(s) |
| Underwriting Agreement | The agreement amongst the Company, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date |
| Working Day | All trading days of stock exchanges excluding of Sundays and bank holidays in Mumbai in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP, issued D/o IPP F. No. 5(1)/2015-FC-1 dated May 12, 2015 ("FDI Policy"), which with effect from May12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by theDIPP that were in force and effect as on May 11, 2015. However, Press Note 4 of 2015 dated April 24, 2015 regarding policy on foreign investment in pension sector, will remain effective. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the Takeovers Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

**The Articles of Association of Quick Heal Technologies Limited (the "Company") comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable, however, Part II shall automatically terminate and cease to have any force and effect from the date of listing of shares of the Company on a stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company without any further action by the Company or by the shareholders.**

### PART-I

*(a) The Regulations contained in Table 'F' of Schedule I to the Companies Act, 2013 shall apply only in so far as the same are not inconsistent with these Articles.*

*(b) The Regulations for the management of the Company and for the observance of the members thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by Special Resolution as prescribed by the Companies Act, 2013.*

### 1. DEFINITIONS

*In the interpretation of these Articles, the following words and expressions shall have the following meanings unless repugnant to the subject or context.*

(a) "**Act**" and any reference to any Section or provision thereof respectively means and includes the Companies Act, 2013 including any statutory amendments thereto, and the Rules made thereunder, and notified from time to time.

(b) "**ADRs**" shall mean American Depository Receipts representing ADSs.

(c) "**Annual General Meeting**" shall mean a General Meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act;

(d) "**ADSs**" shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

(e) "**Articles**" shall mean these Articles of Association as adopted or as from time to time altered in accordance with the provisions of these Articles and the Act.

(f) "**Auditors**" shall mean and include those persons appointed as such for the time being by the Company.

(g) "**Board**" shall mean the board of Directors of the Company, as constituted from time to time, in accordance with Law and the provisions of these Articles.

(h) "**Board Meeting**" shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with Law and the provisions of these Articles.

(i) "**Beneficial Owner**" shall mean beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act.

(j) "**Capital**" or "**Share Capital**" shall mean the share capital for the time being, raised or authorised to be raised, for the purposes of the Company.

(k) "**Chairman**" shall mean such person as is nominated or appointed in accordance with Article 30 herein below.

(l) "**Chief Executive Officer**" means an officer of the Company, who has been designated as such by it;

(m) "**Chief Financial Officer**" means a person appointed as the Chief Financial Officer of the Company;

(n) "**Companies Act, 1956**" means the Companies Act, 1956 (Act I of 1956), as may be in force for the time being;

(o) "**Chief Operating Officer**" means the chief operating officer of the Company providing timely operational information and assistance to the CEO, or any Person of whatsoever designation performing the functions of a chief operating officer;

(p) "**Company**" or "**this Company**" shall mean QUICK HEAL TECHNOLOGIES LIMITED.

(q) "**Debenture**" shall include debenture stock, bonds and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

(r) "**Depositories Act**" shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

(s) "**Depository**" shall mean a Depository as defined in Clause (e) of Sub-Section (1) of Section 2 of the Depositories Act.

(t) "**Director**" shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with Law and the provisions of these Articles.

(u) "**Dividend**" shall include interim dividends.

(v) "**Employees' Stock Option**" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

(w) "**E-voting**" shall mean voting by electronic means as laid out in Article 36 herein;

(x) "**Equity Share Capital**" shall mean the total issued and paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

(y) "**Equity Shares**" shall mean fully paid-up equity shares of the Company having a par value of INR 10 (Rupees ten) per equity share, and 1 (one) vote per equity share or any other issued Share Capital of the Company that is reclassified, reorganized, reconstituted or converted into Equity Shares.

(z) "**Executor**" or "**Administrator**" shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Equity Share or Equity Shares of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

(aa) "**Extraordinary General Meeting**" shall mean an Extraordinary General Meeting of the holders of Equity Shares duly called and constituted in accordance with the Act;

(bb) "**Financial Year**" shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.

(cc) "**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof.

(dd) "**GDRs**" shall mean the registered Global Depositary Receipts, representing GDSs.

(ee) "**GDSs**" shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

(ff) "**General Meeting**" shall mean a meeting of holders of Equity Shares and any adjournment thereof.

(gg) "**Independent Director**" shall mean an independent director as defined under the Act and under clause 49 of the equity listing agreement.

(hh) "**India**" shall mean the Republic of India.

(ii) "**Law**" shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, (ii) governmental approvals, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority, (iv) rules of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) Indian GAAP or any other generally accepted accounting principles.

(jj) "**Managing Director**" shall have the meaning assigned to it under the Act.

(kk) "**MCA**" shall mean the Ministry of Corporate Affairs, Government of India;

(ll) "**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time.

(mm) "**Office**" shall mean the Registered Office for the time being of the Company.

(nn) "**Officer**" shall have the meaning assigned thereto by Section 2(59) of the Act.

(oo) "**Ordinary Resolution**" shall have the meaning assigned thereto by Section 114 of the Act.

(pp) "**Paid up**" shall include the amount credited as paid up.

(qq) "**Person**" shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

(rr) "**Register of Shareholders**" shall mean the Register of Shareholders to be kept pursuant to Section 88 of the Act.

(ss) "**Registrar**" shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

(tt) "**Rules**" shall mean the rules made under the Act and notified from time to time.

(uu) "**Seal**" shall mean the Common Seal(s) for the time being of the Company.

(vv) "**SEBI**" shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.

(ww) "**Secretary**" shall mean a Company Secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a secretary under the Act and any other administrative duties.

(xx) "**Securities**" shall mean any Equity Shares or any other securities, debentures warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

(yy) "**Share Equivalents**" shall mean any Debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other Securities or rights which are by their terms convertible or exchangeable into Equity Shares;

(zz) "**Shareholder**" shall mean any shareholder of the Company, from time to time.

(aaa) "**Shareholders' Meeting**" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

(bbb) "**Special Resolution**" shall have the meaning assigned to it under Section 114 of the Act.

(ccc) "**Transfer**" shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one

Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word "Transferred" shall be construed accordingly.

## 2. CONSTRUCTION

(a) In these Articles (unless the context requires otherwise):

(i) References to a Party shall, where the context permits, include such Party's respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vi) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next business day following if the last day of such period is not a business day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a business day, such payment shall be made or action taken on the next business day following.

(viii) A reference to a Party being liable to another Party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

## 3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

## 4. SHARE CAPITAL AND VARIATION OF RIGHTS

(i) Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company.

(ii) The authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum with power to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

(iii) The Share Capital of the Company may be classified into Shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.

(iv) Subject to Article 4(c), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(v) If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of the Sections 106 and 107 of the Companies Act, 1956 or the Act, as the case may be, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class.

(vi) To every such separate meeting, the provisions of these articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued Shares of the class in question.

**Creation or issue of further Shares ranking pari passu**

(vii) The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

**Issuance of Preference Shares**

(viii) Subject to the provisions of Section 55 of the Act, any Preference Shares may, with the sanction of an Ordinary Resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of such Preference Shares may, by Special Resolution, determine.

## 5. COMMISSION

The Company may exercise the powers of paying commissions conferred by sub-Section (6) of Section 40 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section and rules made there under. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-Section (6) of Section 40 of the Act. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

## 6. ADRS/GDRS

The Company shall, subject to the applicable provisions of the Act, compliance with all Laws and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

## 7. ALTERATION OF SHARE CAPITAL

(i) The Company, subject to provisions of these Articles and Section 61 of the Act, in General Meeting may from time to time, alter the conditions of its Memorandum as follows, that is to say, it may: -

(a) increase its Share Capital by such amount as it thinks expedient;

(b) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

(c) Sub-divide its existing shares of any of them into shares of smaller amount that is fixed by the Memorandum so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

(d) Cancel any shares, which at the date of the passing of the resolution have not been taken or agreed to be taken by the person and diminish the amount of its Share Capital by the amount of the shares so cancelled.

(ii) Subject to the provisions of Sections 66 inclusive of the Act, Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

(iii) A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

## 8. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act and the Companies Act, 1956, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law.

## 9. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board, the Company may purchase its own Equity Shares or other Securities, as may be specified by the MCA, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and subject to compliance with Law.

## 10. SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(b) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the Memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

(i) one certificate for all his shares without payment of any charges; or

(ii) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for share to one of several joint holders shall be sufficient delivery to all such holders.

(c) The Company shall permit the shareholders for sub-division/consolidation of share certificates.

(d) If any share certificate be worn out, defaced, mutilated or tom or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(e) Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

(f) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. The provisions of Articles 10(a) and 10(b) shall mutatis mutandis apply to debentures of the Company.

**11. SHARES AT THE DISPOSAL OF THE DIRECTORS**

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium or at par at such time as they may, from time to time, think fit.

(b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

(c) Every Shareholder, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(d) In accordance with Section 56 and other applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled without payment, to receive one or more certificates specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of 2 (two) Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the 2 (two) Directors or their attorneys and the Secretary or other person shall sign the shares certificate(s), provided that if the composition of the Board permits, at least 1 (one) of the aforesaid 2 (two) Directors shall be a person other than a Managing Director(s) or an executive Director(s). Particulars of every share

certificate issued shall be entered in the Register of Shareholders against the name of the Person, to whom it has been issued, indicating the date of issue. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding rupees two.

(ii) Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 10 above and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holders shall be sufficient delivery to all such holders.

(iii) The Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates or Debenture certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable/marketable lot.

(iv) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

## 12. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

## 13. CALLS ON SHARES

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, make such calls as it thinks fit upon the members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by way of premium) held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and the member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board of Directors.

(b) A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The Board making a call may by resolution determine that the call shall be deemed to be made on a date subsequent to the date of the resolution, and in the absence of such a provision, a call shall be deemed to have been made on the same date as that of the resolution of the Board making such calls.

(c) Not less than thirty days' notice of any call shall be given specifying the time and place of payment provided that before the time for payment of such call, the Directors may, by notice in writing to the members, extend the time for payment thereof.

(d) If by the terms of issue of any share or otherwise, any amount is made payable at any fixed times, or by installments at fixed time, whether on account of the nominal value of the share or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board, on which due notice had been given, and all the provisions contained herein,

or in the terms of such issue, in respect of calls shall relate and apply to such amount or installments accordingly.

(e) If the sum called in respect of a share is not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installments shall fall due, shall pay interest for the same at the rate of 10 percent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such lower rate as the Directors may determine. The Board shall also be at liberty to waive payment of that interest wholly or in part.

(f) The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any such sum which by the terms of issue of a share, become payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

(g) The Board, may, if it thinks fit, receive from any member willing to advance all of or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any part of the moneys so advance, the Board may (until the same would, but for such advance become presently payable) pay interest at such rate not exceeding, unless the Company in its General Meeting shall otherwise direct, 12% per annum, as may be agreed upon between the Board and the member paying the sum in advancebut shall not in respect of such advances confer a right to the dividend or participate in profits. The Directors may at any time repay the amount so advanced.

(h) The members shall not be entitled to any voting rights in respect of the moneys so paid by them until the same would, but for such payment, become presently payable.

(i) Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from, time to time, be due from any member in respect of any share, either by way of principal or interest nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein after provided.

(j) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

## 14. COMPANY'S LIEN

**Fully paid Shares will be free from all liens**

(a) The fully paid Shares will be free from all liens, while in the case of partly paid Shares, the Company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such Shares.

**First and paramount lien**

(b) The Company shall have a first and paramount lien—

(i) on every Share (not being a fully paid-up Share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that Share; and

(ii) on all Shares (not being fully paid Shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article.

(c) The Company's lien, if any, on a Share shall extend to all Dividends payable and bonuses declared from time to time in respect of such Shares.

**Powers of the Company to sell the Shares under lien**

(d) The Company may sell, in such manner as the Board of Directors thinks fit, any Shares on which the Company has a lien:

*Provided that no sale shall be made—*

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

(e) To give effect to any such sale, the Board of Directors may authorise some person to transfer the Shares sold to the purchaser thereof.

(i) The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

(ii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(f) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(g) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares at the date of the sale.

**15. FORFEITURE OF SHARES**

(a) If a member fails to pay any call or installment of a call on the day appointed for the payment not paid thereof, the Board may during such time as any part of such call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest, which may have accrued. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other share.

(b) On the trial or hearing of any action or suit brought by the Company against any shareholder or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of shareholders of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(c) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the day appointed, the shares in respect of which the call was made will be liable to be forfeited.

(d) If the requirements of any such notice as, aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Subject to the provisions of the Act, such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

(e) When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

(f) A forfeited or surrendered share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit, and at any time before such a sale or disposal, the forfeiture may be cancelled on such terms as the Board may think fit.

(g) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited

shares but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the Company all moneys, which at the date of forfeiture is payable by him to the Company in respect of the share, whether such claim be barred by limitation on the date of the forfeiture or not, but his liability shall cease if and when the Company received payment in full of all such moneys due in respect of the shares.

(h) The forfeiture of a share shall involve in the extinction of all interest in and also of all claims and demands against the Company in respect of the shares and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of; (iii) The transferee shall thereupon be registered as the holder of the share; and (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(j) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether, on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

(k) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may cause the purchaser‘s name to be entered in the register in respect of the shares sold and may issue fresh certificate in the name of such a purchaser. The purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**16. FURTHER ISSUE OF SHARE CAPITAL**

(a) Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

- the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
- the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause 1 above shall contain a statement of this right;
- after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not dis-advantageous to the Shareholders and the Company;

(ii) to employees under a scheme of Employees’ Stock Option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(iii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (a) or clause (b) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the

valuation report of a registered valuer subject to the Rules.

(b) The notice referred to in sub-clause 1 of clause (a) of sub-article (i) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue.

(c) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Act, the Rules and the applicable provisions of the Companies Act, 1956.

**17. TRANSFER AND TRANSMISSION OF SHARES**

(a) The Company shall maintain a "Register of Transfers" and shall record therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. The Company shall use a common form for transfer in all cases. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(c) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act.

(d) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(e) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Shareholders in respect thereof.

(f) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Shareholders and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(g) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

(h) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(i) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(j) (i) On the death of a Shareholder, the survivor or survivors where the Shareholder was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares. (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

(k) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(l) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(m) Subject to the provisions of Articles, any person becoming entitled to a share in consequence of the death or insolvency of a Shareholder may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either: (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

(n) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Shareholder had not occurred and the notice or transfer were a transfer signed by that Shareholder.

(o) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(p) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may require to show the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

(i) Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

(ii) In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(q) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(r) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(s) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Shareholders), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(t) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

## 18. CAPITALISATION OF PROFITS

(a) (i) The Company in general meeting may, upon the recommendation of the Board, resolve: (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the Shareholders who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to other applicable provisions, either in or towards: (A) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively; (B) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Shareholders in the proportions aforesaid; (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B); (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares; (E) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

(b) (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall: (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and (b) generally do all acts and things required to give effect thereto. (ii) The Board shall have power: (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf

of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares; (iii) Any agreement made under such authority shall be effective and binding on such Shareholders.

**19. DEMATERIALIZATION OF SECURITIES**

(a) De-materialization: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.

(d) Options for investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates, hold, or deal in the securities with a depository. Such a person, who is the beneficial owner of the securities, can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(e) Securities in depositories to be in fungible form

All securities held by a depository shall be in electronic form and the certificates in respect thereof shall be dematerialised and be in fungible form. Nothing contained in Sections 89 and 186 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(f) Rights of depositories and beneficial owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(ii) Save as otherwise provided in (a) above, the depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the securities held by it.

(g) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(h) Service of documents - Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(i) Transfer of securities - Nothing contained in Section 56 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as

beneficial owners in the records of a depository.

(j) Allotment of securities dealt with in a depository - Notwithstanding anything in the Act or these Articles, where securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(k) Distinctive numbers of securities held in a depository - Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held in a depository.

(l) Register and Index of Beneficial owners - The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles with details of shares held in physical and dematerialized forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that state or country.

(m) Company to recognise the rights of registered holders as also the beneficial owners in the records of the depository.

(n) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the register of members as the holder of any share, as also the beneficial owner of the shares in records of the depository as the absolute owner thereof as regards receipt of dividends or bonus or services of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof.

**20. NOMINATION BY SECURITIES HOLDERS**

(a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

(b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

(d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

(e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

**21. NOMINATION IN CERTAIN OTHER CASES**

Subject to the applicable provisions of the Act and these Articles, any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he

sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

## 22. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

## 23. BORROWING POWERS

(a) Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and he same shall be in the interests of the Company.

(d) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

## 24. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company may, by Ordinary Resolution, convert all or any fully paid share(s) of any denomination into stock and vice versa.

(b) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations, under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock

arose.

(c) The holders of the stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and its assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(d) Such of the regulations contained in these presents, other than those relating to share warrants as are applicable to paid-up shares shall apply to stock and the words shares and shareholder in these presents shall include stock and stockholder respectively.

**25. ANNUAL GENERAL MEETING**

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be an Extraordinary General Meetings.

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

**26. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING**

(a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situate, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

**27. NOTICE OF GENERAL MEETINGS**

(a) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode. However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

(i) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(ii) Auditor or Auditors of the Company, and

(iii) all Directors.

(b) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.

(c) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(d) Special business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.

(e) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.

(f) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(g) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

**28. REQUISITION OF EXTRAORDINARY GENERAL MEETING**

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition received from such number of Shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

(b) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

(c) Any valid requisition so made by Shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(d) Upon the receipt of any such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(e) Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(f) The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(g) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(h) The Extraordinary General Meeting called under this article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.

**29. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT**

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

**30. CHAIRMAN OF THE GENERAL MEETING**

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director be present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect one of their number to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

**31. CHAIRMAN CAN ADJOURN THE GENERAL MEETING**

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**32. QUESTIONS AT GENERAL MEETING HOW DECIDED**

(a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.

(b) In the case of equal votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the

demand.

(d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

(h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

**33. PASSING RESOLUTIONS BY POSTAL BALLOT**

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time.

**34. VOTES OF MEMBERS**

(a) Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(i) on a show of hands, every member present in person shall have one vote; and

(ii) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity Share Capital of the Company.

(b) A member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.

(c) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

(d) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

(e) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

(f) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to

which the Company has exercised any right of lien.

(g) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive and every vote not disallowed at such meeting shall be valid for all purposes.

**35. PROXY**

(a) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power a authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

(b) An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Act.

(c) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**36. E-VOTING**

The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014 or any other Law, if applicable to the Company.

(a) Company will follow the following procedure namely:

(b) the notices of the meeting shall be sent to all the members, auditors of the company, or directors either

  (i) by registered post or speed post ; or

  (ii) through electronic means like registered e-mail id;

  (iii) through courier service;

(c) the notice shall also be placed on the website of the company, if any and of the agency forthwith after it is sent to the members.

(d) the notice of the meeting shall clearly mention that the business may be transacted through electronic voting system and the company is providing facility for voting by electronic means.

(e) the notice shall clearly indicate the process and manner for voting by electronic means and the time schedule including the time period during which the votes may be cast and shall also provide the login ID and create a facility for generating password and for keeping security and casting of vote in a secure manner.

(f) the company shall cause an advertisement to be published, not less than five days before the date of beginning of the voting period, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district, about having sent the notice of the meeting and specifying therein, inter alia, the following matters, namely:-

  (i) statement that the business may be transacted by electronic voting;

  (ii) the date of completion of sending of notices;

  (iii) the date and time of commencement of voting through electronic means;

(iv) the date and time of end of voting through electronic means;

(v) the statement that voting shall not be allowed beyond the said date and time;

(vi) website address of the company and agency, if any, where notice of the meeting is displayed; and

(vii) contact details of the person responsible to address the grievances connected with the electronic voting

(g) the e-voting shall remain open for not less than one day and not more than three days:

(h) Provided that in all such cases, such voting period shall be completed three days prior to the date of the general meeting.

(i) the Board shall appoint one scrutinizer, who may be chartered Accountant in practice, Cost Accountant in practice, or Company Secretary in practice or an advocate, but not in employment of the company and is a person of repute who, in the opinion of the Board can scrutinize the e-voting process in a fair and transparent manner.

(j) the scrutinizer shall, within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman.

(k) subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the relevant general meeting of members.

**37. BOARD OF DIRECTORS**

(a) Until otherwise determined by Special Resolution of the number of Directors of the Company shall not be less than three or more than fifteen.

(b) The Company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 37(a).

(c) The following persons shall be the First Directors of the Company.

I. KAILASH SAHEBRAO KATKAR; and
II. SANJAY SAHEBRAO KATKAR.

(d) The Board shall have the power to appoint the Chairman. The Chairman can be Managing Director or Chief Executive Officer of the Company at the same time or Managing Director and Chief Executive Officer of the Company at the same time.

(e) The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the listing agreement.

**38. ADDITIONAL DIRECTORS**

The Board may appoint any person other than a person who fails to get appointed as a director in a general meeting, as an additional director, who shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

**39. ALTERNATE DIRECTORS**

The Board may, appoint a person, not being a person holding any alternate directorship for any other director in the Company, to act as an alternate director for a director during his absence for a period of not less than three months from India.

**40. INDEPENDENT DIRECTORS**

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, such

appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under Clause 49 of the listing agreement.

**41. NOMINEE DIRECTORS**

Whenever the Board enter into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee Director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatever. The nominee Director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee Director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee Director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

Provided that if any such nominee Director is an officer of any of the lenders, the sittings fees in relation to such nominee Director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

Any expenditure that may be incurred by the lenders or the nominee Director in connection with the appointment or Directorship shall be borne by the Company.

The nominee Director so appointed shall be a member of the project management sub-committee, audit sub-committee and other sub-committees of the Board, if so desired by the lenders.
The nominee Director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting.

If at any time, the nominee Director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

**42. CASUAL VACANCY**

If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the company, be filled by the Board at a meeting of the Board.

**43. WOMAN DIRECTOR**

The Company shall have such number of Woman Director on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable.

**44. REMUNERATION OF DIRECTORS**

(a) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the listing agreement, a Managing Director or Managing Directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act. The remuneration

of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(b) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them: (a) in attending and returning from meetings of the Board or any committee thereof or General Meetings of the Company; or (b) in connection with the business of the Company.

(c) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the central government from time to time for each meeting of the Board or any Committee thereof attended by him.

(d) The remuneration payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 197 of the Act.

(e) All fees/compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting. Such approval shall also specify the limits for the maximum number of Employees' Stock Options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees with approval of central government. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any Employees' Stock Options.

## 45. POWERS OF THE BOARD TO KEEP A FOREIGN REGISTER

The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

## 46. SIGNING OF CHEQUES, HUNDIES, ETC.

All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board of Directors shall from time to time by resolution determine.

Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

## 47. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 37 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

## 48. VACATION OF OFFICE BY DIRECTOR

(a) Subject to relevant provisions of Sections 167 of the Act, the office of a Director, shall *ipso facto* be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in

respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(vi) he absents himself from 3 (three) consecutive meetings of the Board or from all Meetings of the Board for a continuous period of 3 (three) months, whichever is longer, without obtaining leave of absence from the Board; or

(vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private Company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Act; or

(viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(ix) he acts in contravention of Section 184 of the Act; or

(x) he becomes disqualified by an order of the court ;

(xi) he is removed in pursuance of Section 169 of the Act; or

(xii) he is disqualified under Section 164(2) of the Act.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

**49. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR**

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing Director or whole-time Director(s), appointed or the Directors appointed as a Debenture Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

**50. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP**

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(ii) retiring Director has, by a notice in writing addressed to the Company or its Board , expressed his unwillingness to be so reappointed;

(iii) he is not qualified or is disqualified for appointment;

(iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.

**51. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.**

Subject to Article 37 and Section 149 and 152 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

**52. REGISTER OF DIRECTORS ETC.**

(a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

**53. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE.**

Every Director shall in accordance with the provisions of Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any Company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

**54. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER**

Subject to the provisions of Section 203 of the Act and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ whole time Director or executive Director or manager of the Company. The Managing Director(s) or the whole time Director(s) manager or executive Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time Director(s) or manager or executive Director(s), as the case may be, all the powers vested in the Board generally. The remuneration of a Managing Director/ whole time Director or executive Director or manager may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act.

**55. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT**

Notwithstanding anything contained herein, a Managing Director(s) / whole time Director(s) / executive Director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / whole time Director(s) / executive Director(s) / manager, and if he ceases to hold the office of a Managing Director(s) / whole time Director(s) / executive Director(s)/ manager he shall ipso facto and immediately cease to be a Director.

**56. REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER**

The remuneration of the Managing Director(s) / whole time Director(s) / executive Director(s) / manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

**57. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER**

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s)/ whole time Director(s) / executive Director(s)/ manager s in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time Director(s) / executive Director(s)/ manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**58. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING**

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of securities under Section 68 of the Act;

(c) to issue securities, including debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board's report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees/ compensation payable to non-executive Directors including independent Directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the listing agreement.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of Section 180 of the Act.

In terms of Section 180 of the Act, the Board may exercise the following powers subject to receipt of consent by the Company by way of a Special Resolution:

(a) to sell, lease or otherwise dispose of the whole or substantial part of the undertaking of the Company;

(b) to borrow money; and

(c) any such other matter as may be prescribed under the Act, the listing agreement and other applicable provisions of Law.

**59. PROCEEDINGS OF THE BOARD OF DIRECTORS**

(a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held in Mumbai, or such a place as may be decided by the Board.

(b) The participation of Directors in a meeting of the Board may be either in person or through

video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(c) The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

(d) (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.(ii)If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

(e) The Company Secretary shall, as and when directed by the Chairman convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.

(f) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman may determine.

(g) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(h) At any Board Meeting, each Director may exercise 1 (one) vote. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

**60. QUORUM FOR BOARD MEETING**

(a) Quorum for Board Meetings

Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be at least three Directors the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

**61. POWERS OF THE BOARD**

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the memorandum and articles of association of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

**62. COMMITTEES AND DELEGATION BY THE BOARD**

(a) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the listing agreement. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive Director(s) or manager or the Chief Executive Officer of the Company. The Managing Director(s), the executive Director(s) or the manager or the Chief Executive Officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(b) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

(d) A committee may elect a Chairperson of its meetings. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Shareholders present may choose one of their members to be Chairperson of the meeting.

(e) A committee may meet and adjourn as it thinks fit. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

(f) All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

(g) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the listing agreement, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

**63. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT**

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been

duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

**64. PASSING OF RESOLUTION BY CIRCULATION**

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

**65. OFFICERS**

The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of the Company.
Qualified experienced managerial and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

The Board shall appoint with the approval of the Chairman and/or Chief Executive Officer and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

**66. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY**

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

**67. THE SECRETARY**

The Board may, from time to time, appoint any individual as Secretary of the Company to perform such functions, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

The Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the applicable provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of the Company are required to conform to and shall be designated as such and be the officer in default.

**68. DIRECTORS' & OFFICERS' LIABILITY INSURANCE**

Subject to the provisions of the Act and Law, the Company shall procure, at its own cost, comprehensive Directors and officers liability insurance for each Director which shall not form a part of the remuneration payable to the Directors in the circumstances described under Section 197 of the Act: -

(a) on terms approved by the Board;

(b) which includes each Director as a policyholder;

(c) is from an internationally recognised insurer approved by the Board; and

**69. SEAL**

(a) The Board shall provide for the safe custody of the seal.

(b) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

**70. DIVIDENDS AND RESERVE**

(a) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

(b) Subject to the provisions of section 123 of the Act, the Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of the Company.

(c) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit. (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

(d) (i)Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

(e) The Board may deduct from any dividend payable to any Shareholder all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

(f) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Shareholders, or to such person and to such address as the holder or joint holders may in writing direct. (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

(g) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

(h) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

(i) No dividend shall bear interest against the Company.

**71. RELATED PARTY TRANSACTIONS**

(a) Except with the consent of the Board or the Shareholders, as may be required in terms of the provisions of Section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014, no Company shall enter into any contract or arrangement with a 'related party' with respect to:

(i) sale, purchase or supply of any goods or materials;

(ii) selling or otherwise disposing of, or buying, property of any kind;

(iii) leasing of property of any kind;

(iv) availing or rendering of any services;

(v) appointment of any agent for purchase or sale of goods, materials, services or property;

(vi) such Director's or its relative's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

(vii) underwriting the subscription of any securities or derivatives thereof, of the Company:

(viii) without the consent of the Shareholders by way of an Ordinary Resolution in accordance with Section 188 of the Act.

(b) No Shareholder of the Company shall vote on such Ordinary Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.

(c) Nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis or to transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the Shareholders at a Shareholders Meeting for approval.

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The audit committee of the Board may provide for an omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed by applicable law.

(f) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act.

(g) The term 'related party' shall have the same meaning as ascribed to it under the Act.

(h) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

(i) Subject to the Provision of Section 188 of Act, Non-executive Director of the Company will eligible for fees with respect to the Consultancy and Advisory services provided by the Non-Executive Directors to the Company.

**72. ACCOUNTS**

(a) The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of Account in accordance with Section 128 the Act.

(b) Where the Board decides to keep all or any of the Books of Accounts at any place other that the office of the Company the Company shall within (seven days of the decision file with the Register a notice in writing given the full address of that other place.

(c) The Company shall preserve in good order the Book/s of Account relating or period of not less eight year preceding the current year together with the vouchers relevant to any entry in such books of Account.

(d) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorized by the Board.

(e) The Directors shall from time to time, in accordance with Sections 129,133 and 134 of the Act, cause to be laid before the Company in General Meeting, such Balance Sheets, profits and loss account and reports as are required by these Sections.

(f) A Copy of every Balance Sheet and profit and loss account (including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet) or a Statement containing salient features of such documents in the prescribed form, as laid down under Section 136 of the Act as the Company may deem fit, shall not less than twenty-one days before the Meeting at which the Balance Sheet and the profit and loss Account are to be laid before the Members, be sent to every person entitled thereto pursuant to the provisions of the Section 136 of the Act provided this Article shall not require a copy of the documents to be sent to any person of whose address the Company is not aware of or to more than one of the joint holders of any shares.

**73. DOCUMENTS AND NOTICES**

(a) A document or notice may be given or served by the Company to or on any Shareholder whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Shareholder has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Shareholder. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.

(c) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of Shareholders in respect of the Share.

(d) Every person, who by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previous to his name and address being entered on the register of Shareholders, shall have been duly served on or given to the Person from whom he derives his title to such Share.

(e) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed or lithographed.

(f) All documents or notices to be given or served by Shareholders on or to the Company or to any officer thereof shall be served or given by sending the same to the Company or officer at the

Office by post under a certificate of posting or by registered post or by leaving it at the Office.

(g) Where a Document is sent by electronic mail, service thereof shall be deemed to be effected properly, where a member has registered his electronic mail address with the Company and has intimated the Company that documents should be sent to his registered email address, without acknowledgement due. Provided that the Company, shall provide each member an opportunity to register his email address and change therein from time to time with the Company or the concerned depository. The Company shall fulfil all conditions required by Law, in this regard.

**74. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS**

Subject to the applicable provisions of the Act and these Articles, notice of General Meeting shall be given:

(a) To the Shareholders of the Company as provided by these Articles.

(b) To the persons entitled to a share in consequence of the death or insolvency of a Shareholder.

(c) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any Shareholder of the Company.

**75. NOTICE BY ADVERTISEMENT**

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

**76. UNPAID OR UNCLAIMED DIVIDEND**

(a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend of "QUICK HEAL TECHNOLOGIES LIMITED ".

(b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-Section (1) of Section 125 of the Act, viz. "Investors Education and Protection Fund".

(c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

If any Shares stands in the name of two or more Persons, the Person first named in the register shall, as regards payment of dividend or bonus or service of notice and all or any other matters connected with the Company, except voting at meetings be treated as the holders of the Shares but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments and call due in respect of such Shares and for all the other incidence thereof according to the Company's Regulations.

**77. CAPITALIZATION OF PROFITS**

(a) The Company may in a General Meeting, upon recommendation of the Board, resolve:

(i) That it is desirable to capitalise any part of the amounts for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss accounts or ; and

(ii) That such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (c) either in or towards:

(i) Paying up any amount for the time being unpaid on shares held by such members respectively ; or

(ii) Paying up in full unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid ; or

(iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(c) A share premium account and a capital redemption fund may be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

Powers of Directors for declaration of Bonus

(d) Whenever such a resolution as aforesaid shall have been passed by the Board shall :

(i) make all appropriations and applications of the undistributed profits to be capitalised thereby and issue of fully paid shares or debentures, if any ; and

(ii) generally do all acts and things required to give effect thereto.

(e) The Board shall have full power :

(i) to make such provision, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit in the case of shares becoming distributable in fraction ; and also

(ii) to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures of which they may be entitled upon such capitalisation or as the case may require, for the payment of by the Company on their behalf, by the application thereto of their respective proportion of the profits resolved to be capitalised or the amounts or any part of the amounts remaining unpaid on the shares.

(f) Any agreement made under such authority shall be effective and binding on all such members.

**78. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP**

Subject to the provisions of Chapter XX of the Act and rules made thereunder:

(a) If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Shareholders, in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders.

**79. DIRECTORS' AND OTHERS' RIGHTS TO INDEMNITY**

(a) Subject to the provisions of Section 197 of the Act every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the assets of the Company to pay all costs, losses, and expenses (including travelling expenses) which any such Director, officer or employee may

incur or becomes liable to by reason of any contract entered into or act or deed done by him or any other way in the discharge of his duties, as such Director, officer or employee.

(b) Subject as aforesaid, every Director, Manager, Secretary, or other officer/employee of the Company shall be indemnified against any liability, incurred by them or him in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 463 of the Act in which relief is given to him by the Court and without prejudice to the generality of the foregoing, it is hereby expressly declared that the Company shall pay and bear all fees and other expenses incurred or incurrable by or in respect of any Director for filing any return, paper or document with the Registrar of Companies, or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the Company.

## 80. DIRECTORS ETC., NOT LIABLE FOR CERTAIN ACTS

Subject to the provisions of Section 197 of the Act, no Director, Manager, Officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any money(ies), Securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Registrar of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

## 81. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of Shareholders, books of accounts and the minutes of the meetings of the Board and Shareholders shall be kept at the Office of the Company and shall be open, during Business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge. In the event such Shareholder conducting inspection of the abovementioned documents requires extracts of the same, the Company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of Law.

## 82. SECRECY

(a) No member shall be entitled to visit or inspect the Company‘s works without the permission of the Directors or Managing Director or to require discovery of or any information respecting any details of the Company‘s trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interests of the Company to communicate to the public.

(b) Every Director, Managing Director, Manager, Secretary, Auditor, trustee, Members of a Committee, Officers, Servant, Agent, Accountant or other person employed in the business of the Company, shall, if so required by the Directors before entering upon his duties, or at any time during his term of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of duties except when required so to do by the Board or by any General Meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary, in order to comply with any of the provisions contained in these Articles.

## 83. DUTIES OF OFFICERS TO OBSERVE SECRECY

Every Director, Managing Directors, Manager, Secretary, Auditor, trustee, members of committee, Officer, servant, agent, accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors or by a resolution of the Company in a General Meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the Government to require or to hold an investigation into the Company's affairs.

## PART-II

Part II of these Articles of Association include all the rights and obligations of the parties to the subscription, purchase and shareholders' agreement dated August 9, 2010 between our Company, Kailash Katkar, Sanjay Katkar, Anupama Katkar, Chhaya Katkar Sequoia Capital India Investment Holdings III, Sequoia Capital India Investments III, Sequoia Capital India Investment Holdings II and Sequoia Capital India II, LLC. In the event of any inconsistency between Part I and Part II of the Articles of Association, the provisions of Part II shall prevail over Part I. However Part II of the Articles of Association shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of equity shares of the Company on a stock exchange in India subsequent to an initial public offering of equity shares of the Company without any further action by the Company or by its shareholders.

### 1. DEFINITIONS

*In the interpretation of these Articles, the following words and expressions shall have the following meanings unless repugnant to the subject or context.*

(a) "**Affiliates**" of a Person (i.e. the "Subject Person") shall mean: (i) in the case of any Subject Person other than a natural Person, any other Person that, either directly or indirectly through one or more intermediate Persons, controls, is controlled by or is under common control with the Subject Person, and (ii) in the case of any Subject Person that is a natural Person, the Relatives of the Subject Person and any other Person that, either directly or indirectly, is controlled by the Subject Person and/or the Relatives of the Subject Person. For purposes of this definition, "control" means the power to direct the management or policies of a Person, whether through the ownership of over fifty percent (50 %) of the voting power of such Person, or through the power to appoint more than half of the members of the Board of Directors or similar governing body of such Person, through contractual arrangements or otherwise.

(b) "**Agreement**" shall mean agreement dated August 9, 2010, amongst Quick Heal Technologies Private Limited and Kailash Katkar and Sanjay Katkar and Anupama Katkar and Chhaya Katkar and Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III and Sequoia Capital India Investment Holdings II and Sequoia Capital India II, LLC.

(c) "**Annual Budget**" shall mean the annual operating and capital budget for the Company for a Financial Year, prepared with reference to and taking into account the Business Plan, which annual budget identifies and sets out, inter alia, the time scales and financial projections including all planned commitments, borrowings, amount and timing of capital contributions to be made by the Shareholders, projected profit and loss, balance sheet and cash flow for such Financial Year.

(d) "**Applicable Law**" means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, or approval, order or judgment of any Governmental Authority, directive, guideline, policy, requirement, or other Governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question, whether in effect as of the date of the Agreement or at any time thereafter.

(e) "**Appointment Criterion**" shall have the meaning ascribed to it in Schedule 6 of the Agreement.

(f) "**Big Four**" shall mean (i) KPMG, (ii) Deloitte (iii) Ernst and Young, or (iv) PriceWaterhouseCoopers, or any of their Indian associates.

(g) "**Business**" means the manufacture, development, sale, export, marketing, servicing, distribution and all related activities of providing security solutions including software programmes and hardware appliances.

(h) "**Business Day**" means the days (other than Saturday or a Sunday) on which banks are open for transactions for normal business in Port Louis, Mauritius and Pune, Maharashtra, India.

(i) "**Business Plan**" means the business plan of the Company as prepared, approved and amended from time to time in accordance with Article 7 of Part B hereof.

(j) "**Charter Document**" means the memorandum of association and the articles of association of the Company, as amended from time to time.

(k) "**Competitor**" means and includes all such Persons whether domestic or foreign, which carry on the business similar to the Business as defined herein above and directly or indirectly compete with the Business of the Company and/or its Subsidiaries.

(l) "**Completion Date**" shall have the meaning given to it under Clause 5.1 of the Agreement.

(m) "**D&O Policies**" shall mean the Directors and officers liability insurance policies.

(n) "**Encumbrance**" shall mean (a) any mortgage, pledge, lien, charge (whether fixed or floating), pre-emptive right, hypothecation, assignment, deed of trust, title retention, right of set-off or counterclaim, security interest or other encumbrance, security letter or arrangement of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction howsoever which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws; (b) purchase or option agreement or arrangement, right of first refusal, right of first offer; (c) agreements to create or effect any of the foregoing; (d) any proxy or power of attorney in respect of the Shares to any person other than the Promoters and/ or their Relatives, voting trust agreement, option, Transfer restriction or similar interest in favour of any Person; and (e) any adverse claim as to title, possession or use.

(o) "**Fair Market Value**" shall mean the lower of (i) the fair market value of the Shares of the Company as determined by an independent appraiser who shall be a Big Four accounting firm, or (ii) the fair market value of the Shares of the Company as determined by the statutory auditor of the Company.

(p) "**Fully Diluted Basis**" means with respect to any calculation, that such calculation is to be made assuming that all outstanding equity securities issued by the Company are converted into Equity Shares (whether or not by their terms any such outstanding equity securities are then currently convertible, exercisable or exchangeable), including convertible preference shares, convertible debentures, stock options, warrants and any outstanding commitments to issue Equity Shares at a future date, whether or not due to the occurrence of an event or otherwise, have been so converted, exercised or exchanged into Equity Shares in accordance with the terms of their issuance.

(q) "**Governmental Authority**" shall mean any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, Board, commission or instrumentality of India, or any political subdivision thereof or of any other jurisdiction in which a Party is resident; any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

(r) "**Investor No. 1**" means Sequoia Capital India Investment Holdings III, a company incorporated under the laws of Mauritius and having its registered office at 608, St. James Court, St. Denis Street, Port Louis, Mauritius.

(s) "**Investor No. 2**" means Sequoia Capital India Investments III, a company incorporated under the laws of Mauritius and having its registered office at 608, St. James Court, St. Denis Street, Port Louis, Mauritius.

(t) "**Investor No. 3**" means Sequoia Capital India Investment Holdings II, a company incorporated under the laws of Mauritius and having its registered office at IFS Court, Twenty Eight, Cyber City, Ebene, Mauritius.

(u) "**Investor No. 4**" means Sequoia Capital India II LLC, a company incorporated under the laws of Mauritius and having its registered office at IFS Court, Twenty Eight, Cyber City, Ebene, Mauritius.

(v) "**Investors**" means Investor No. 1, Investor No.2 Investor No. 3 and Investor No 4.

(w) "**Investor Nominee Director**" shall mean the Director nominated and appointed by the Investors to the Board in accordance with the Agreement and shall include an Alternate Director to such Investor Nominee Director, provided such Director shall not be a director or advisor on any other company engaged in the business of providing anti- virus and/ or network solutions.

(x) "**Key Management**" shall mean and include the top ten highest paid employees of the Company.

(y) "**Liquidity Event**" means an IPO of the Company.

(z) "**Next Completion**" means the completion, fulfilment and execution in entirety of the actions as set out in Clause 6 of the Agreement.

(aa) "**Next Completion Date**" shall have the meaning given to it under Clause 6.1 of the Agreement.

(bb) "**Parties**" shall collectively mean the Company, the Promoters and the Investors and individually as the "Party".

(cc) "**Promoter No.1**" means Kailash Katkar, an individual residing at Omkar B-101, Puru Housing Society, Airport Road, Pune - 411 032,.

(dd) "**Promoter No. 2**" means Sanjay Katkar, an individual residing at S4/1, Siddeshwar Nagar, Tingrenagar Road, Vishrantwadi, Pune – 411015.

(ee) "**Promoter No. 3**" means Anupama Katkar, an individual residing at Omkar B-101, Puru Co-Op Housing Society, Near Sanjay Park, Airport Road, Lohegaon, Pune – 411032.

(ff) "**Promoter No. 4**" means Chhaya Katkar, an individual residing at S4/1, Siddeshwar Nagar, Tingrenagar Road, Vishrantwadi, Pune – 411015.

(gg) "**Promoters**" shall collectively mean Promoter No. 1, Promoter No. 2, Promoter No. 3 and Promoter No. 4.

(hh) "**Purchase Consideration**" shall mean the Tranche I Purchase Consideration and the Tranche II Purchase Consideration.

(ii) "**Relatives**" shall have the meaning as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

(jj) "**Related Party**" shall have the meaning as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

(kk) "**Related Party Transactions**" shall mean any and all agreements, contracts or similar arrangements between the Company (or any of its Subsidiaries) and any Related Party.

(ll) "**Restricted Transferees**" shall mean and include (i) any Competitor and/ or its Affiliate; (ii) any Person and/or its Affiliates which is primarily engaged in the business of manufacture and sale of liquor or tobacco; (iii) any Person and/or its Affiliates who is an official of a political party or a candidate for political office; and (iv) any Person and/or its Affiliates against whom any criminal proceeding with respect to an offence involving moral turpitude is pending or who has been convicted of an offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months.

(mm) "**Sale Shares**" shall mean the Tranche I Sale Shares and the Tranche II Sale Shares sold by Promoter No. 1 and Promoter No. 2 to the Investor No. 2 and Investor No. 4 in the proportion set out in schedule 5 to the Agreement.

(nn) "**Share Capital**" means fully paid up equity share capital of the Company.

(oo) "**Subscription Price**" shall mean the Tranche I Subscription Price and the Tranche II Subscription Price

as defined in the Agreement.

(pp) "**Subscription Shares**" shall mean the Tranche I Subscription Shares and the Tranche II Subscription Shares to be issued by the Company to the Investor No. 1 and Investor No. 3 as per the Agreement.

(qq) "**Subsidiary**" or "**Subsidiaries**" shall mean any corporation, partnership, joint venture or other entity in which the Company has or shall hold, directly or indirectly, an equity interest representing more than fifty percent (50%) of the share capital thereof or other equity interests therein, including Cat Labs Private Limited.

(rr) "**Transfer**" shall mean (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to any Shares, the sale, pledge, gift, assignment, transfer of interest in trust, mortgage, alienation, hypothecation, Encumbrance (other than as specifically permitted under the Agreement) or other disposition (whether for or without consideration) of Shares or of any beneficial interest therein or in any manner whatsoever, voluntarily or involuntarily, including any attachment, assignment for the benefit of creditors or appointment of a custodian, liquidator or receiver of any of its properties, business or undertaking the creation of any third party interest in or over such Shares and warrants or any other securities convertible into Shares, but shall not include transfer by way of testamentary or intestate succession or transfer by either Investors to their Affiliates or by the Promoters to their Affiliates.

(ss) Words or expressions not defined in this Part II shall have the same meaning as defined in the Agreement, unless repugnant to the subject or context. Further, any words or expressions appearing in this Part II, which are not defined in the Agreement shall have the meaning ascribed to them under the Act.

## 2. CONSTRUCTION

(a) In these Articles (unless the context requires otherwise):

(i) References to a Party shall, where the context permits, include such Party's respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vi) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(viii) A reference to a Party being liable to another Party, or to liability, includes, but is not

limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

**3. SHARE PURCHASE/ SUBSCRIPTION OPTION**

(a) The Investors, may, at any time within a period of 12 (twelve) months from the Completion Date, at their sole discretion call upon the Promoters and/ or the Company to issue to new Equity Shares; or (ii) sell additional Equity Shares to the Investors amounting to 1% of the then paid up capital of the Company on a Fully Diluted Basis, by giving the Promoters and/ or the Company a prior written notice of 30 (thirty) days, to sell/ issue such additional Equity Shares.

(b) In either case the price paid by the Investors for such additional Equity Shares will be a price 25% higher than the Subscription Price.

(c) In the event that the Investors do not exercise their right as set out in this Article 3 within the stipulated time period of 12 (twelve) months from the Completion Date, the said right shall lapse, and the Promoters and/ or the Company shall no longer be required to make any sale of shares in the Company/ issue Equity Shares as set out herein. The obligation of the Investors under this Article shall be joint and several.

(d) In the event that the Investors exercise their option as contained in this Article 3, the Parties shall cause their respective nominees on the Board to vote, and cast their votes as Shareholders to allow and enable the Company to convert/ issue such additional Equity Shares in timely manner as contemplated herein.

**4. BOARD OF DIRECTORS**

(a) The Board shall be responsible for the management, supervision, direction and control of the Company. The approval of the Shareholders would be obtained only on such matters as may be required under the Act, Charter Documents and/or pursuant to the Agreement.

(b) The maximum number of Directors constituting the entire Board shall be 12 (twelve) including the Chairman of the Board. It is clarified that other than the Promoters and their Relatives and the Investor Nominee Director, any other person appointed to the Board shall comply with the Appointment Criterion.

(c) The Investors shall appoint one Director. Subject to Article 9, each Shareholder shall exercise its votes in relation to all the Shares held by it at any General Meeting called for the purpose of filling the positions on the Board or in any written consent of Shareholders executed for such purpose, to ensure the election to the Board of the nominees of the Parties in accordance with this Article. The Investors shall also have the right to appoint an observer on the Board. It is clarified that such observer shall not be entitled to vote or participate in the meetings of the Board otherwise than for the purpose of witnessing the proceedings of the meetings of the

Board. The Parties shall ensure at all times that the size and composition of the Board shall be in accordance with the requirements of this Article.

(d) The Investor Nominee Director shall be a non-executive Director, who shall have no responsibility for the day-to-day management of the Company and shall not be liable for any failure by the Company to comply with Applicable Law or be construed as an "officer in default" (under the Act).

(e) The Company shall nominate Directors or persons other than the Investor Nominee Director as "persons in charge" as contemplated under Applicable Laws and shall ensure, to the extent permitted under Applicable Law, that no Investor Nominee Director is included within the scope of "officer who is in default" under Applicable Laws and the Company may appoint a compliance officer or a designated officer(s) of the Company as the "officer who is in default" for the purposes of Applicable Law.

(f) In the event that any notice or proceedings have been filed against any Investor Nominee Director by reason of him being included within the scope of "officer(s) who is in default" in accordance with Applicable Law, the Company and the Promoters shall take all necessary steps so that name of such Investor Nominee Director is excluded / deleted and the charges / proceedings against such Investor Nominee Director are withdrawn and shall also take all steps to defend such Investor Nominee Director against such notice and/or proceedings and, to the extent permitted under Applicable Law, the Company shall pay all costs, damages, fines, levies etc. that may be levied against such Investor Nominee Director in connection therewith.

(g) The Directors shall not be required to hold any qualification Shares.

(h) The Board may constitute such committees, as it deems appropriate, consisting of such member(s) of the Board, to the extent permitted under Applicable Law or required thereunder, provided however that:

(i) a representative of the Investors shall be required to be a member of any committee of the Board, and shall be provided with the agenda and notices of the committee meetings; and

(ii) no action shall be taken by the Company at any meeting of such committee with respect to any of the Affirmative Vote Items without the affirmative vote of the Investors.

(i) In the event of a casual vacancy arising on account of the resignation of a Director or the office of the Director becoming vacant for any reason, the Shareholder who has nominated such Director shall be entitled to designate another person to fill the vacancy.

(j) Each Party may require the removal of their nominee Director at any time and shall be entitled to nominate another representative as a Director in place of the Director so removed, and each Party shall exercise their rights in such manner so as to cause the appointment of the representative of the other as a Director as aforesaid. In the event of the resignation or retirement of a Director nominated by any Party or office of such Director falling vacant for any other reason, such Party shall be entitled to nominate another representative as Director in place of such Director and the other Parties shall exercise their votes and rights in such manner so as to cause the appointment of such representative nominated as aforesaid.

(k) Promoter No.1 and Promoter No. 2 shall be appointed and work as the joint managing Directors of the Company. The managing Directors shall be the senior most management personnel of the Company in accordance with Applicable Law. The managing Directors shall discharge their functions subject to the provisions of the Act and the superintendence, control and directions of the Board of Directors.

(l) At the request of a Director (the "Original Director"), the Board may appoint an alternate Director (an "Alternate Director") who is recommended for such appointment by the Original Director with the consent of the Party who nominated the Original Director, to act for him during his absence for a period of not less than three months from the state / union territory in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose

place he has been appointed and shall vacate office if and when the Original Director returns to that state / union territory. If the term of office of the Original Director is determined before he so returns to that state, any provisions in the Act for the automatic reappointment of any retiring Director, in default of another appointment, shall apply to the Original Director and not to the Alternate Director. The act of Alternate Director acting for the Original Director will be deemed to be the act of the Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the relevant Registrar of Companies. The Alternate Director shall be entitled to receive notice of a meeting of the Board or committee thereof, along with all relevant papers in connection therewith in terms of Article 5(b) hereof and to attend and vote thereat in place of the Original Director and generally to perform all functions of the Original Director in his absence.

(m) To the fullest extent permissible under Applicable Law, the Company shall indemnify, defend and hold harmless each of the Directors promptly upon demand at any time and from time to time (unless it is permitted under Applicable Law to advance any such payments only after final adjudication or receipt of permission from the applicable court, in which case, at such prescribed time), from and against any and all losses to which such Director may become subject, including losses pursuant to any claim against the such Director or to which such Director is made a party, insofar as such losses arise out of, in any way relate to, or result from such Director's holding a position on the Board and committees and/or otherwise from such Director's current or past association with the Company and the Subsidiary or any breach or alleged breach of such Director's fiduciary duties in such capacity, without requiring the Promoters/Investors or their Affiliates to indemnify such Director in the first instance and any obligation of the Promoters/Investors or their Affiliates under any document or instrument providing for indemnification or advancement by such entity shall be secondary. Provided that the indemnity shall not apply to any losses which have resulted from such Director's fraud, gross negligence, wilful misconduct, or breach of fiduciary duties. The Company shall not, without the prior written consent of the Promoters/Investors, amend any provisions of the Charter Documents in relation to indemnity, in any manner which may adversely affect the rights of any Director in relation to any act or omission having occurred prior to the date of such amendment.

(n) The Promoters shall jointly and severally indemnify and hold harmless the Company and the Investors from and against any and all costs, expenses, penalties and losses which may arise out of, result from or may be payable by virtue of or due to any claim, repayment or fine payable by the Company in connection with any corporate compliance issues relating to any Related Party Transactions between the Company and the Subsidiary.

(o) The Company shall provide such periodic information relating to the Business affairs, operations and financial position of the Company as any Director may require. A Director nominated by a Shareholder may provide such information to a Shareholder that nominates such Director, provided that such Shareholder shall, and shall ensure that its nominee Director shall treat the said information as confidential as specified in Clause 23 of the Agreement.

## 5. MEETINGS OF THE BOARD

(a) The Board may meet for the dispatch of business, adjourn and otherwise regulate the meetings, as it deems fit, provided that a meeting of the Board ("Board Meeting") shall be held at least once in every 3 (three) calendar months and at least four (4) times in any calendar year at the Office of the Company or a location determined by the Board at its previous meeting, or if no such determination was made, then as determined by the Chairman.

(b) The company secretary may, as and when necessary, and shall on the requisition of any 1 (one) Director (by giving notice in writing to the company secretary specifying the date, time and agenda for such meeting), summon a Board Meeting. The company secretary shall upon receipt of such requisition give a copy of the said notice to all Directors.

(c) All notices convening a Board Meeting shall be accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. No business shall be transacted at any Board Meeting duly convened and held other than that specified in the notice without the written consent of Director. Not less than a minimum of 14 (fourteen)

days' prior written notice shall be given to each Director of any Board Meeting, accompanied by the agenda for the Board Meeting (unless all the Directors shall have given written approval for a meeting called at shorter notice). The quorum for the Board Meeting shall be in accordance with Article 5(i) herein below.

(d) Without prejudice to the foregoing, within 30 (thirty) days of commencement of each calendar year, the company secretary shall, to the extent practicable, provide a tentative schedule of dates of the Board Meetings proposed to be held during the ensuing calendar year.

(e) In addition to any other mode of communication, the Company shall give notice of each Board meeting to the Investor Nominee Director by fax and courier.

(f) No resolution shall be deemed to have been duly passed by the Board or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all Directors or to all members of the committee at their usual address, and has, subject to the provisions of Article 9, been approved by a majority of such of them as are entitled to vote on the resolution.

(g) If permitted by the Act, the Directors may participate in Board Meetings by telephone or video conferencing or any other means of contemporaneous communication, provided each person taking part in the meeting is able to hear each other person taking part and provided further that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. The Parties acknowledge, however, that as of the date hereof, the Act does not presently deem such participation to constitute presence "in person" for purposes of quorum or voting.

(h) Subject to the same being permitted by Applicable Law, Board Meetings may be held by video conferencing but the quorum and other requirements applicable to Board Meetings shall apply to such meetings as well.

(i) The quorum for a Board Meeting shall be one-third of the total strength (any fraction contained in that one-third being rounded off as one) or 2 (two) Directors whichever is higher, provided that the presence of Investor Nominee Director shall be required at the commencement of such meeting and throughout its proceedings for constitution of valid quorum. Provided that the Investor Nominee Director can waive his presence for the purpose of quorum of a meeting by sending a written intimation to the Company in this regard. For the purpose of this Article 5(i), the total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time.

(j) In the absence of a valid quorum at a meeting of the Board, duly convened, the meeting shall be adjourned to the same time and place (unless otherwise agreed between the Shareholders) not earlier than 10 (ten) Business Days but no later than 21 (twenty one) days thereafter as the Chairman may determine ("First Adjourned Board Meeting"). In the absence of a valid quorum at such First Adjourned Board Meeting, within 30 minutes of the time appointed for the said meeting, if one-third of the total strength (any fraction contained in that one-third being rounded off as one) or 2 (two) Directors, whichever is higher, are present, the quorum shall be validly constituted, provided however that if the Investor Nominee Director is not present at such First Adjourned Board Meeting, no Affirmative Vote Item shall be tabled or resolved at such First Adjourned Board Meeting. It is clarified that no resolution on any Affirmative Vote Item shall be passed in the absence of the Investor Nominee Director, and without the affirmative vote of the Investor Nominee Director.

(k) The Company shall prepare minutes of each Board Meeting and circulate them to each Director within 10 (ten) days after the Board Meeting. The Directors may make any comments on the minutes of the meeting within 10 (ten) days of receipt of the minutes. If no comments are made within this time limit, the minutes shall be deemed to be accepted. The minutes shall be approved and signed by the Chairman at the commencement of the next Board Meeting.

(l) No sitting fees or other compensation shall be payable to any Investor Nominee Director, except for fees paid to any Investor Nominee Director for attending any meeting of the Board or any

committee thereof which has been approved by the Board.

(m) At any Board Meeting, each Director may exercise 1 (one) vote. Subject to the provisions of Article 9, the adoption of any resolution of the Board whether by circular resolution or otherwise shall require the affirmative vote of a majority of the Directors.

(n) The Parties undertake that the Directors nominated by them:

(i) will not wilfully or unreasonably fail to attend a Board Meeting in order to prevent the transaction of business at that Board Meeting;

(ii) will exercise their rights so as to ensure that the Company, subject to the terms of the Agreement, carries out the Business in an effective manner;

(iii) will exercise their rights so as to ensure that the Company complies with the terms of the Agreement; and

(iv) will have the relevant experience and skill to support the venture contemplated in the Agreement including the ability to work with the Party nominating such Director to support the Company.

## 6. GENERAL MEETINGS

(a) The Company shall hold at least 1 (one) general meeting of the Shareholders to be called as the "Annual General Meeting" in each Financial Year. All general meetings of the Shareholders (including, unless the context otherwise requires, the Annual General Meeting) of the Company shall be called as "General Meetings".

(b) Prior written notice of at least 21 (twenty one) days for convening the General Meeting of the Company's Shareholders shall be given to all of the Shareholders of the Company. A General Meeting may however be called by the Chairman on less than 21 (twenty one) days with the prior written consent of all the Shareholders of the Company. Every notice shall be accompanied by the agenda setting out the particular business proposed to be transacted at such meeting. No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice and agenda without prior written unanimous consent of the Shareholders of the Company.

(c) Subject to the provisions of the Act, the quorum at the General Meeting of the Company shall comprise of 2 (two) Shareholders of the Company present in person or by duly authorized representative, provided that the quorum shall include at least 1 (one) duly authorized representative of the Investors present at the commencement of such meeting and throughout its proceedings (unless the Investors has provided its written consent to the holding of such meeting in the absence of its respective authorized representative).

(d) In the absence of a valid quorum at a General Meeting, duly convened and held, the meeting shall be adjourned to the same time and place (unless otherwise agreed in writing between the Shareholders) not earlier than 10 (ten) Business Days but no later than 21 (twenty one) days thereafter as the Chairman may determine ("First Adjourned General Meeting"). In the absence of a valid quorum at such First Adjourned General Meeting, the Shareholders present in person thereat or represented through an authorized representative shall subject to the provisions of the Act, constitute the quorum and all business transacted thereat shall be regarded as having being validly transacted, provided however that if the authorized representative of the Investors is not present at such First Adjourned General Meeting, no Affirmative Vote Item shall be tabled or resolved at such First Adjourned General Meeting. It is clarified that no resolution on any Affirmative Vote Item shall be passed in the absence of the authorized representative of the Investors, and without the affirmative vote of the Investors.

(e) The Company shall prepare minutes of each General Meeting and circulate them to each Shareholder within 10 (ten) days after the General Meeting. The Shareholders may make any comments only on the minutes of the meeting within 10 (ten) days of receipt of the minutes. If no comments are made within this time limit, the minutes shall be deemed to be accepted. The minutes shall be signed by the Chairman within 30 (thirty) days from the date of the General

Meeting.

(f) The Shareholders shall remain present at any General Meeting duly convened for the purpose of voting on any matter required to be transacted by the Shareholders thereat, and that they shall either be present in person or through their duly authorized representatives appointed in accordance with the applicable provisions of the Act for the purpose of complying with the requirements of a valid quorum, and shall vote at such General Meeting in accordance with the Agreement.

(g) The Parties hereby jointly and severally undertake to ensure:

(i) that they, their representatives, proxies and agents representing them at General Meetings shall at all times exercise their votes in respect of the Shares in such manner so as to comply with, and to fully and effectually implement, the provisions of the Agreement; and

(ii) that if any resolution is proposed contrary to the terms of the Agreement, they, their representatives, proxies and agents representing them shall vote against such resolution. If for any reason such a resolution is passed, the Parties shall if necessary, join together and convene an extraordinary general meeting pursuant to Section 100 of the Companies Act, 2013 for implementing the terms of the Agreement.

(h) The Company shall and the Parties undertake that the Company shall comply with the provisions of the Agreement and the Charter Documents of the Company and the Parties undertake to do all such acts, deeds or things as may be necessary to ensure compliance of the provisions of this Article.

**7. BUSINESS PLAN AND ANNUAL BUDGET**

(a) The Key Management shall prepare a Business Plan after the Next Completion and present such a Business Plan to the Board for its approval immediately after the Next Completion Date. The Business Plan shall contain such provisions, as may be determined by the Board, in relation to the financing and operating policies of the Company including mission, organizational objectives, budgets strategy, target clientele, products, changes to Business processes, solvency norms, resource management, risk management, asset liability management, and financial policy.

(b) The Key Management shall prepare and update (as the case may be) an Annual Budget prior to the beginning of every Financial Year and present such Annual Budget, to the Board for its approval at least 1 (one) month prior to commencement of the concerned Financial Year, and shall provide each of the Directors with a copy of such proposed Annual Budget.

(c) It is clarified that the Business Plan for the Financial Year 2010-2011 shall be provided by the Company to the Investors on the basis of the Company's past practice which comprises of raw formats and focuses on the key areas of Business based on personal estimates/experience of the Promoters. The Company shall provide the Investors with the Business Plan and Annual Budget in accordance with Article 7(a) above from the Financial Year 2011-2012 onwards.

**8. ALTERATION OF THE CHARTER DOCUMENTS**

(a) If any provisions of the Charter Documents at any time conflict with any provisions of the Agreement, the Agreement shall prevail and the Parties shall whenever necessary exercise all voting and other rights and powers available to them to procure the amendment, waiver or suspension of the relevant provisions of the Charter Documents, to the extent necessary to permit the affairs of the Company to be administered as provided in the Agreement.

(b) No amendment, alteration, variation or further change to the Charter Documents of the Company shall be made without the prior written consent of both the Promoters and the Investors.

**9. AFFIRMATIVE VOTE ITEMS**

(a) Subject to the provisions of the Agreement and any additional requirements imposed by the Act, neither the Company nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the prior written consent of the Investors or the affirmative vote of the Investor Nominee Director, as the case may be, take or permit the Company to take any of the actions set forth in Schedule 3 to the Agreement ("Affirmative Vote Items"), whether by circular resolution or otherwise. All matters in respect of the Affirmative Vote Items (whether such action is to be taken by the Company) must be referred to the Board, and no Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall take any actions purporting to commit the Company in relation to any such matters without the prior approval of the Board (which shall include the approval of the Investor Nominee Director) or the prior written consent of the Investors in accordance with this Article 9.

(b) The Company and the Promoters shall ensure that if the Subsidiary or the Board of Directors or any Shareholders, as the case may be, of the Subsidiary are to consider any Affirmative Vote Item (as such matters are applicable or relate to the Subsidiary), then prior to such action being undertaken by the Subsidiary or prior to the meeting of the Board of Directors, any committee or the general meeting of the Shareholders, as the case may be, of the Subsidiary where such matter is proposed to be discussed, the Company shall cause such matter to be discussed with the Investor Nominee Director or the Investors and prepare a unanimous strategy for voting at such Board meeting or general meetings of the Subsidiary. The directors nominated by Company on the Board of the Subsidiary or the representatives of the Company, as the case may be, shall vote at the said Board meeting or shareholder meeting, as the case may be, in accordance with the unanimous strategy evolved as per the discussions so held.

(c) All the Affirmative Vote Items shall first be brought for consideration of the Board. The agenda for the Board Meeting at which such Affirmative Vote Item is proposed to be discussed ("Subject Board Meeting") must specify in reasonable detail the action in relation to which consent is being sought ("Proposed Action") and necessary background and other information and/or supporting documents pertaining to such action, and the Company shall provide a copy of such notice, agenda and supporting documents to the Investors. The decision of the Investors in relation to the Proposed Action may be conveyed by way of a written notice issued by the Investors to the Company ("Investor Response Notice") prior to the date of the Subject Board Meeting. The said resolution shall not be passed at the Subject Board Meeting if the Investors do not convey their consent by way of the Investor Response Notice or positive vote of the Investor Nominee Director in relation to a specified Affirmative Vote Item.

## 10. INVESTORS' RIGHTS IN RELATION TO THE SUBSIDIARY

All the rights of the Investors under the Agreement in relation to the Company shall mutatis mutandis apply to the Subsidiary, to the extent applicable. It is clarified that the Investors shall not be required to hold any shares of the Subsidiaries to extend the provisions of the Agreement to the Subsidiaries.

## 11. EXIT

(a) The Promoters and the Company shall ensure that a Liquidity Event occurs within a period of 4 (four) years from the Next Completion Date ("Target Liquidity Event Date").

(b) If a Liquidity Event has not occurred by the Target Liquidity Event Date, then, the Investors shall, without prejudice to any other rights of the Investors under the Agreement, have the right to cause the Company to undertake an initial public offering ("IPO"), including by way of a secondary offering of the Equity Shares to the public (subject to Applicable Law). In such offer for sale the Investors shall have the right to offer its Equity Shares. Further, in such offer for sale, the balance Equity Shares which are required to be offered to meet the then existing mandatory initial public offer norms prescribed by any Governmental Authority, shall be met either (i) by the Company by way of a fresh issuance of Equity Shares; or (ii) at the Promoters' sole option, by an offering by the Promoters of its Equity Shares; or (iii) a combination of (i) and (ii), as may be agreed between the Company and the Promoters. The provisions of Article 12 below will be applicable to any such IPO.

(c) The Promoters and the Company shall do all that is necessary, including but not limited to the

provision of access to any third Person in respect of due diligence of the Company and its Subsidiaries, exercise voting rights at the Board and Shareholder level and otherwise co-operate and provide all necessary assistance to ensure compliance with the above provisions.

## 12. INITIAL PUBLIC OFFERING

(a) Subject to the provisions of Article 9 hereinabove, the terms and conditions of any IPO, including the size of the issue, price of the Equity Shares and related matters shall be as finalized by the Company, the Promoters and the Investors. Once the Board resolves to undertake an IPO, the Company shall issue a written notice to the Promoters and the Investors in this regard, which notice shall contain particulars of the IPO and shall also contain the anticipated price band for the Equity Shares in such IPO. The said anticipated price band shall be determined by the Board in good faith in consultation with a minimum of 2 (two) reputed merchant bankers, or such other number as may be mutually agreed between the Promoters and the Investors who shall necessarily be involved in the IPO process.

(b) It is clarified that upon the Company deciding to undertake an IPO, in order to facilitate the listing of the Shares, the Charter Documents of the Company shall be amended accordingly, and the Share Capital of the Company shall be reclassified so that the Shares are of the same class.

(c) In any IPO, the Investors shall have a first right to offer their Equity Shares in such offer for sale. If any balance Equity Shares are required to be offered to meet the then existing mandatory initial public offer norms prescribed by any Governmental Authority, then such Equity Shares will be offered by Promoters and/or the Company.

(d) Without prejudice to the above, it is clarified that the Investors shall have the first right to offer their Equity Shares in any IPO or subsequent public offering by the Company.

(e) All fees and expenses in relation to the IPO shall be pro rata borne by the Company, the Promoters and each of the Investors on the basis of the number of Equity Shares that are offered or contributed by each of them in the IPO, provided that listing fees and expenses relating to the legal counsel to the Company shall be borne solely by the Company and expenses relating to the legal counsel to the Investors shall be borne solely by the Investors.

(f) The Company and the Promoters shall provide all assistance, including but not limited to preparing and signing the relevant offer documents, conducting road shows, entering into such documents, providing all necessary information and documents necessary for preparing the offer document, obtaining such regulatory or other approvals and doing such further reasonable acts or deeds as may be necessary or required by the Investors to sell whole or part of the Equity Shares then held by the Investors including by way of an IPO, as secondary share placement, on a stock exchanges, in India or overseas. Further, the Investors shall be entitled to make one or more requests for sale of its Equity Shares in a public offering, either in whole or in part, and the Company and the Promoters shall comply with the requirements of this Article 12 in respect of each such request.

(g) The Company shall, without any recourse to the Investors whatsoever, at its own cost (i) obtain all the relevant Government Approvals and other consents that are necessary for an IPO, and (ii) complete the process of the IPO, in accordance with the terms of the Agreement.

(h) The Investors and/or their Affiliates shall not be referred to or otherwise considered as a "Promoter" of the Company in connection with any IPO or any documents filed in connection therewith. In the event of an IPO, the Company and the Promoters shall do all that is necessary to ensure that the Equity Shares held by the Investors and their respective Affiliates are not subject to any lock-in requirements as a "Promoter".

(i) The Investors shall provide all assistance, including but not limited to providing all necessary information and documents relating to the Investors necessary for preparing the offer document and doing such further reasonable acts or deeds as may be necessary or required by the Company for the purpose of IPO.

(j) In the event, the Company decides to undertake an IPO on or before the Target Liquidity Event Date, the Investors shall not object to such IPO provided that the floor price per Share under IPO is not less than three times the aggregate of the Subscription Price and the Purchase Consideration divided by the aggregate of the Subscription Shares and Sale Shares.

## 13. CAPITAL COMMITMENT AND FUNDING

(a) All additional capital requirements of the Company ("Additional Capital") will be financed by pro rata equity contributions from the Parties in the manner set out in Article 10(d) below or from third party borrowings in accordance with Article 10(b) below and in accordance with the Business Plan.

(b) The Company may, after taking into account the provisions of the Business Plan, avail of debt financing facilities to meet its working capital requirements. Such debt financing will, to the extent possible, be obtained by the Company without any Shareholder support and without any recourse to any Shareholder. If any Shareholder support is required for such debt financing facilities, the same shall be subject to Applicable Law and to the prior written consent of the Parties and on terms mutually agreed upon by the Parties.

(c) The specific requirements for such anticipated Additional Capital during any Financial Year will be set forth in the Business Plan for such Financial Year.

(d) In the event that the Company proposes to undertake any future equity financing by way of preferential allotment or otherwise, of equity or other securities, the Shareholders at the relevant date shall have a pre-emptive right of subscription, on a pro rata basis based on their respective Shareholding in the Company. As and when the Board shall determine that further capital or liquidity is required in the form of Share Capital to finance the operations of the Company which shall be included in the Business Plan, the Parties shall exercise their voting and other rights in the Company to ensure the issue of additional shares / convertible securities so that the Parties shall, throughout the duration of the Agreement and unless otherwise contemplated herein or agreed to in writing, hold Shares in accordance with their shareholding ratio, as mutually agreed.

(e) Each Party shall fund its relevant proportion of the Additional Capital within 90 (ninety) days of the receipt of a notice from the Company.

(f) In the event, the Investors require any prior legal, Governmental, regulatory or shareholder consent for the subscription to the Additional Capital, then notwithstanding any other provision of the Agreement the Investors shall only be obliged to subscribe to such Equity Shares once such consent or approval is obtained. The Party requiring approval shall exercise its best endeavours, and the other Parties shall use their reasonable efforts to obtain any such required approvals in a timely manner.

(g) In the event that a Party (the "Non-Participating Shareholder") is unable to, or does not, for any reason whatsoever, subscribe to its relevant proportion of the Additional Capital, then the other Party shall be entitled, by issue of a notice to the Company and the Non-Participating Shareholder, to subscribe to the Non-Participating Shareholder's unsubscribed Shares of the Additional Capital, on a pro rata basis. In such case, the shareholding of the Non-Participating Shareholder in the Company shall stand diluted to the extent mentioned above.

## 14. TRANSFER OF SHARES

(a) All other rights (i.e. rights available to the Investors and the obligations of the Investors under the Agreement) shall be transferred along with any Transfer of the Equity Shares made in accordance with the Agreement, subject to the execution of a Deed of Adherence by such Third Party Transferee. The Investors shall not be entitled to sell the Shares to the (a) Restricted Transferees, or (b) Affiliates of such Restricted Transferees.

(b) For avoidance of doubt, it is clarified that once the rights mentioned in Article 11(a) have been transferred by the Investors to a Third Party Transferee, the said rights shall no longer be available with the Investors.

(c) The Transfer restrictions in the Agreement and in the Charter Documents shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Shares free of such restrictions and the Parties shall act in good faith to ensure compliance with the Transfer restrictions and rights set out in the Agreement.

**15. COVENANTS OF THE COMPANY AND THE PROMOTERS**

(a) The Parties shall cast their vote as Shareholders and cause their nominees to the Board to vote to enable the Company to, and cause the Subsidiary to:

(i) cause to be done all things reasonably necessary to maintain, preserve and renew all Governmental approvals, licenses, authorizations and permits currently held by the Company or its Subsidiaries or necessary for the conduct of their Businesses;

(ii) maintain and keep its material properties in good repair, working order and condition, and from time to time make all necessary or desirable repairs, renewals and replacements, so that the Business may be properly and advantageously conducted in all material respects at all times;

(iii) pay and discharge when payable all material taxes, assessments and Governmental charges imposed upon its properties or upon the income or profits therefrom (in each case before the same becomes delinquent and before penalties accrue thereon) and all material claims for labour, materials or supplies which if unpaid would, under Applicable Law become an Encumbrance upon any of its property, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and adequate reserves have been established on its books with respect thereto;

(iv) comply in all material respects with all other obligations which it incurs pursuant to any material contract or agreement as such obligations become due, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and adequate reserves have been established on its books with respect thereto;

(v) comply in all material respects with all Applicable Laws, rules and regulations of all Governmental Authorities;

(vi) maintain all intellectual property rights necessary to the conduct of the Business and not take any action, or fail to take any action, that would result in the invalidity, abandonment, misuse or unenforceability of any intellectual property rights or that would infringe upon or misappropriate any rights of other persons;

(vii) maintain proper books of record and account which present fairly in all material respects its financial condition and results of operations and make provisions on its financial statements for all such proper reserves as in each case are required in accordance with Indian GAAP, consistently applied; and

(viii) enforce the provisions of the Agreement and any employment or other agreement entered into between the Company or its Subsidiaries on the one hand and any of their respective senior executive officers or key employees on the other and exercise all of their rights and remedies thereunder.

(b) Further, the Company shall provide to the Investors:

(i) within 30 (Thirty) days after the end of each month, unaudited statements of income, statements of changes in Shareholders' equity and statements of cash flows of the Company and the Subsidiaries for such month and for the period from the beginning of the current Financial Year to the end of such month, and an unaudited balance sheet as of the end of such month;

(ii) within 30 (Thirty) days after the end of each month, monthly management review detailing key operational performance indicators and statistics;

(iii) within 60 (Sixty) days after the end of each quarter, unaudited statements of income, statements of changes in Shareholders equity and statements of cash flows of the Company and the Subsidiaries for such quarter and for the period from the beginning of the current Financial Year to the end of such quarter, and an unaudited balance sheet as of the end of such quarter;

(iv) within 120 (One hundred twenty) days after the end of each Financial Year, audited consolidated statements of income, statements of changes in Shareholders equity and statements of cash flows of the Company for such year and an audited consolidated balance sheet as of the end of such year;

(v) within 30 (Thirty) days prior to the end of each Financial Year, a budget for the next Financial Year including operating and capital budgets and such other information requested by the Investors;

(vi) copies of minutes of Board, committees and Shareholders' meetings within 30 (Thirty) Business Days of the occurrence of such events;

(vii) details of any events, occurrences or circumstances which may have a Material Adverse Effect on the Company and/or its Subsidiaries; and

(viii) other relevant material information including business plans (including the Business Plan), capital expenditure budgets and management reporting information not set forth above, as the Investors may reasonably require.

(c) The Company shall give the Investors all material information in relation to:

(i) any breach by the Company or the Subsidiary of any Applicable Law, which violation in any respect may have or had a material effect on the Company and/or the Subsidiary;

(ii) any known litigation, or claim which would be material to the Company and/or the Subsidiary;

(iii) any material dispute or notice of any material dispute with a major customer or supplier of the Company and/or the Subsidiary.

(d) The Company shall give reasonable access to the Investors, their authorised representatives (including employees, professional advisors, accountants, counsel and agents) and the Investor Nominee Director to visit and inspect all properties, assets, corporate, financial and other records, reports, books, contracts and commitments of the Company and/ or the Subsidiary, and to discuss and consult with respect to its Business, actions, plans, budgets and finances with the Directors and executive officers of the Company, and to make extracts and copies therefrom, at its own expense.

(e) The Company shall keep proper, complete and accurate books of account in Rupees in accordance with generally accepted accounting principles in India. In addition, the Company shall, if required by the Investors, prepare on an annual and quarterly basis a reconciliation of the accounts of the Company to generally accepted accounting principles used to prepare the accounts of the Investors and/or their Affiliates; provided any cost incurred by the Company in the said context shall be borne by the Investors solely. The Company further undertakes to make such annual reportings to the Investor as may be required by the Investors for any statutory filings required to be made by the Investors or their Affiliates, parent/group companies in the respective jurisdiction of their incorporation and/or listing; provided any cost incurred by the Company in the said context shall be borne by the Investors solely. The Company shall have its accounts audited in accordance with such standards by reputable firms of international accountants, to be mutually agreed between the Shareholders and as may be appointed by the Board. Within a period of twelve months from the Completion Date, the Company shall appoint any one of the Big Four accounting firms.

(f) The Company shall, and shall ensure that the Subsidiary shall, keep insured at all times and maintain insurance policies in a sufficient amount and with such coverage as is mutually agreed to between the Investors, the Promoters and the Company. Such policies shall be sufficient to

cover liabilities in relation to product liabilities, environmental liabilities, fire, acts of God that the facilities of the Company could be subject to and such other liabilities which the Company and the Subsidiary may in the reasonable opinion of the Company, the Promoters and the Investors be considered at risk in the course of their respective businesses. The Company shall, as soon as practicable, but in no event later than 6 (six) months from the Completion Date take out appropriate D&O Policies for a consolidated amount as stipulated in the Agreement or such lesser amount as is mutually agreed to between the Investors and the Promoters.

(g) The Company and the Subsidiary and their respective officers, employees, agents and representatives shall endeavour not (i) use any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activities in respect of the Business of the Company and its Subsidiaries; (ii) directly or indirectly, pay or deliver any fee, commission or other sum of money or item of property, however characterized, to any finder, agent, or other party acting on behalf of or under the auspices of a Governmental official or Governmental Authority in India or elsewhere in violation of Applicable Laws; or (iii) make any payment to any customer or supplier of the Company or the Subsidiary or any officer, director, partner, employee, agent or representative of any such customer or supplier for any unlawful reciprocal purpose, or make any other unlawful payment or give any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent, in respect of the Business conducted by the Company and the Subsidiary in violation of Applicable Laws.

(h) The Company shall take all steps promptly to protect its intellectual property rights, including without limitation registering all their respective trademarks, brand names and copyrights and entering into formal license agreements with all distributors that are using the "Quick Heal" name and/ or other intellectual property within 4 (four) months from the Completion Date, such license be co-terminus with the respective distributorship agreement, and the Shareholders shall and shall cause their respective nominees on the Board to cause the Company to do so.

**16. DEFAULT**

(a) An event of default occurs in relation to the Company and/or the Promoters, on the one hand, or the Investors, on the other hand, or any of their respective Affiliates who are Shareholders, as the case may be ("Defaulting Shareholder"), if:

A. the Defaulting Shareholder breaches or commits any material default under any provision of the Agreement (including any material breach or inaccuracy of its representations or warranties under the Agreement) and does not remedy that breach within thirty (30) days after receiving a notice of that breach from any other Shareholder requesting the breach to be remedied; or

B. The Defaulting Shareholder has:

(i) a receiver appointed over its assets or undertaking or any part of them;

(ii) any execution of other process of any Court or authority issued against or levied upon any of its substantial assets and that execution or process is not discharged or withdrawn within sixty (60) days of the date of issue;

(iii) ceased to pay its debts or suspended payment generally or would cease or threaten to cease to carry on its Business or become insolvent or become or be unable to pay its debts as and when they become due and payable;

(iv) an official manager, trustee, voluntary administrator, liquidator or provisional liquidator appointed for all or any substantial part of its assets or undertaking and proceedings are not stayed within sixty (60) days of the date of appointment of such manager, trustee, administrator or liquidator; or

(v) entered into or resolved to enter into an arrangement, composition or compromise with or assignment for the benefit of its creditors generally or any class of creditors or proceedings are commenced to sanction such an

arrangement, composition or compromise other than for the purposes of a bona fide scheme of reconstruction or amalgamation.

The foregoing events shall be referred to as an "Event of Default".

(b) The non-defaulting Shareholder ("Non-Defaulting Shareholder") shall have a right to terminate the Agreement by giving a written notice to the Defaulting Shareholder of its desire to terminate the Agreement on the occurrence of an Event of Default in relation to Defaulting Shareholder. If the Non-Defaulting Shareholder is the Investors then it shall have the following rights set out:

(i) Subject to Applicable Law, upon a default by the Defaulting Shareholder, the Non-Defaulting Shareholder shall have the right, but not the obligation, to sell to the Defaulting Shareholder all (but not part) of the Equity Shares held by the Non-Defaulting Shareholder ("Non-Defaulting Shareholder's Equity Shares") at (a) 150% (one hundred and fifty per cent) of the Fair Market Value or (b) the aggregate of the Purchase Consideration and Subscription Price ("Put Option"), whichever is higher. The price at which the Non-Defaulting Shareholder exercises its right to purchase or sell the Equity Shares of the Company shall be the "Default Price".

(ii) Upon the Non-Defaulting Shareholder delivering a default notice to the Defaulting Shareholder, wherein the Non-Defaulting Shareholder indicates that it intends to sell the Non- Defaulting Shareholder's Equity Shares ("Default Notice"), the Defaulting Shareholder shall, subject to the Applicable Law, be under an obligation to acquire the Non-Defaulting Shareholder Equity Shares from the Non-Defaulting Shareholder at the relevant Default Price in accordance with Article 16(b)(I).

(iii) In the event the Defaulting Shareholder fails to consummate the transaction under Article 16(b)(II) or any provisions of the Agreement relating to the Transfer of Equity Shares within a period of 60 days of the receipt of the Default Notice, the Non-Defaulting Shareholder shall, notwithstanding anything to the contrary contained herein, be free to Transfer all (but not part) of its Equity Shares to any third party.

(iv) The closing of the sale of the Non-Defaulting Shareholder Equity Shares by the Non-Defaulting Shareholder shall be completed within a period of 60 days from the issuance of the Default Notice. This period shall be extended, if and as necessary, to obtain any statutory approvals under Applicable Law required for consummation of such transaction.

(v) Upon the closing of the purchase or sale in accordance with this Article 16(b), the Agreement shall terminate and all rights and obligations of the Parties shall cease except for the accrued rights and obligations of the Parties at the date of termination of the Agreement.

(vi) The Non-Defaulting Shareholder shall not be required to comply with its obligations under the Agreement thereafter, provided however, that the Non-Defaulting Shareholder shall continue to be entitled to all its rights under the Agreement which shall remain unaffected and the rights of the Defaulting Shareholder pursuant to the Agreement and the Charter Documents shall be suspended without affecting their respective obligations under the Agreement and the Charter Documents.

(vii) In the event that any Party commits a default of the terms of the Agreement then, the Non-Defaulting Shareholder shall be entitled to claim damages as a sole remedy. Nothing contained herein shall preclude any Party to exercise the remedies stipulated in this Article 16 (b)(VIII).

(viii) In the event of a default, damages may not be an adequate remedy and each Party shall be entitled to a rescission, restitution, injunction, restraining order, right for recovery, suit for specific performance or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain the other Parties from committing any violation or enforce the performance of the covenants, representations and obligations contained in the Agreement. These remedies are cumulative and are in

addition to any other rights and remedies that the Parties may have at law or in equity, including without limitation a right for damages.

## 17. INDEMNIFICATION

(a) The Company and the Promoters (each an "Indemnifying Party") hereby jointly and severally indemnify, defend and hold harmless the Investors and their Affiliates and each of their respective officers, directors, managers, partners, members and employees ("Indemnified Persons") promptly upon demand at any time and from time to time, from and against any and all direct losses ("Losses"), which for this purpose shall include amounts expended by the Investors or their Affiliates in connection with any Investor Nominee Director indemnity pursuant to Article 4(m) to which any Indemnified Persons may become subject, insofar as such Losses arise out of, in any way relate to, or result from any misstatement or any breach of any representation or warranty made by the Company and the Promoter, or the failure by the Company and/or the Promoters to fulfil any agreement, covenant or condition contained in the Agreement. The claims shall be subject to De Minimum Loss and Cap as stipulated in Clause 22.1 of the Agreement.

(b) There shall be no recovery more than once in respect of the same Losses. Further, the Investors shall be entitled to recover in respect of the Losses either from the Promoter or the Company but at no point in time shall such recovery be made from both from the Promoter and the Company. The amount fully recovered from the Company or the Promoter by the Investors in respect of any Loss shall be considered to be full and sufficient discharge of the obligations of the Company and the Promoter under this Article in respect of such Loss. The Loss for the Investors shall be calculated on a basis prorata to their shareholding.

(c) The Indemnified Persons shall make all reasonable efforts to mitigate or limit the Losses incurred or suffered by the Indemnified Persons. Upon the receipt of notice of any Loss, whether by way of a third party or other claim brought against the Indemnified Persons or by way of a direct Loss suffered by the Indemnified Persons not involving a claim brought against the Indemnified Persons, the Indemnified Persons shall, as soon as reasonably practicable but in no case later than three (3) months from becoming aware of such Loss, notify the Indemnifying Party of the Loss and call upon the Indemnifying Party to promptly make good the Loss to the Indemnified Persons, providing details of the Loss, together with any supporting documents specifying in detail the circumstances which give rise to the Loss, the breach or default that results and the amount claimed ("Claim"). A Claim shall be eligible for indemnity under this Article 17 so long as it is raised within the Survival Period.

(d) Upon receipt of the Claim from the Indemnified Persons, the Indemnifying Party shall have a period of 30 (Thirty) Business Days within which the Indemnifying Party shall be entitled to dispute all or a part of the Claim.

(e) In the event that the Indemnifying Party does not dispute the Claim in writing, providing full details and reasons and supporting documents, if applicable, justifying the dispute, then the Indemnifying Party shall be deemed to have acknowledged and accepted its liability to the Indemnified Persons as stated in the Claim.

(f) In the event that the Indemnifying Party disputes the Claim by serving on the Indemnified Persons a notice in the manner and within the time period specified in Article 17(c), the Indemnifying Party and the Indemnified Persons shall meet and discuss the dispute with a view to settle the dispute amicably. In the event that within a period of 30 (Thirty) days from the date of the notice disputing the Claim sent by the Indemnifying Party, the Indemnifying Party and the Indemnified Persons are unable to reach an amicable resolution of the dispute, then the dispute shall be referred for arbitration in accordance with the provisions of Article 18(b) to Article 18(g). In the event that any dispute under this Article 17 is referred for arbitration, then the Parties shall maintain a status quo on the Claim and the operation of the Company shall continue in a usual manner.

(g) The Promoters shall not claim any restitution from the Company in relation to any payments that may be made by the Promoters, as the case may be, to the Indemnified Persons pursuant to this Article 17.

(h) Subject to the Article 16(b)(VIII), the rights of an Indemnified Person pursuant to this Article 17 shall be the sole remedy.

## 18. DISPUTE RESOLUTION

(a) In the event of any dispute or claim of whatever nature, arising under, out of, in connection with or relating to the enforcement, interpretation or performance of the terms and conditions of the Agreement, including any purported termination ("Dispute"), such Dispute shall first be attempted to be settled through good faith negotiation amongst the disputing Parties. In the event that such Dispute cannot be resolved by negotiation within 30 (thirty) days of the Dispute having arisen, then the Dispute shall be finally settled by arbitration in accordance with the provisions of Article 18(b) to Article 18(g) below.

(b) Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA India Arbitration Rules, which Rules are deemed to be incorporated by reference into this Article.

(c) The number of arbitrators shall be 3 (three) ("Arbitration Board"). The Promoters and the Company on the one hand jointly and the Investors on the other shall each appoint 1 (one) arbitrator. The third arbitrator, who shall act as Chairman of the Arbitration Board, shall be nominated by the 2 (two) arbitrators appointed by or on behalf of the respective Parties.

(d) The seat, or legal place, of arbitration shall be Mumbai, India. The language to be used in the arbitral proceedings shall be English. The arbitration award shall be final and binding on all of the Parties. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be, and to the extent permissible by Applicable Law, the Parties unconditionally waive their rights to challenge, set aside or appeal against the award rendered by the Arbitration Board.

(e) The Arbitration Board may consolidate an arbitration arising under or relating to the Agreement with any other arbitration arising under or relating to the Agreement, if the subject of the disputes in the arbitrations arises out of or relates essentially to the same set of facts or transactions and no Party would be prejudiced by such consolidation. Such consolidated arbitration(s) shall be determined by the Arbitration Board appointed for the arbitration proceeding that was commenced first in time, which shall preside in the consolidated arbitrations.

(f) Subject to the award of the Arbitration Board, neither the existence of any dispute or claim nor the fact that any arbitration is pending hereunder shall relieve any of the Parties of their respective obligations under the Agreement. Subject to any award of the Arbitration Board, the pendency of a dispute or claim in any arbitration proceeding shall not affect the performance of the obligations under the Agreement.

(g) Subject to the provisions of this Article, the Courts in Mumbai shall have exclusive jurisdiction.

(h) The costs and expenses of the arbitration, including, without limitation, the fees of the arbitration and the Arbitration Board, shall be borne equally by each Party to the dispute or claim and each Party shall pay its own fees, disbursements and other charges of its counsel, except as may be determined by the Arbitration Board. The Arbitration Board would have the power to award interest on any sum awarded pursuant to the arbitration proceedings and such sum would carry interest, if awarded, until the actual payment of such amounts.

(i) Subject to Applicable Law, any award made by the Arbitration Board shall be final and binding on each of the Parties that were parties to the dispute.

(j) Nothing in this Article 18, whether express or implied, is intended to confer any right or entitlement upon the Company to invoke the provisions of this Article 18 against any other Party, including the right to commence arbitration.

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus delivered to RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days (Monday to Friday) from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

### A. Material Contracts for the Offer

1. Offer Agreement dated September 28, 2015 between our Company, the Selling Shareholders and the BRLMs.

2. Agreement dated September 28, 2015 and Amended Agreement dated January 29, 2016 between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Escrow Agreement dated January 29, 2016 between our Company, the Selling Shareholders the BRLMs, the Anchor Escrow Collection Bank, the Syndicate Members and the Registrar to the Offer.

4. Syndicate Agreement dated January 29, 2016 between our Company, the Selling Shareholders, the BRLMs and Syndicate Members.

5. Underwriting Agreement dated February 13, 2016 between our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

6. Share Escrow Agreement dated January 29, 2016 between the Selling Shareholders, our Company and the Escrow Agent.

### B. Material Documents in relation to the Offer

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated August 7, 1995, fresh certificate of incorporation datedAugust 7, 2007pursuant to change of name to Quick Heal Technologies Private Limitedand fresh Certificate of Incorporation dated September 8, 2015, upon change of name pursuant to conversion into a public company.

3. Resolutions of the Board of Directors dated September 24, 2015 in relation to this Offer and other related matters.

4. Shareholders' resolution dated September 24, 2015 in relation to this Offer and other related matters.

5. Letters/Board resolution from Selling Shareholders approving the Offer for Sale.

6. The reports of the Statutory Auditors, on our Company's Restated Unconsolidated Summary Statements and Restated Consolidated Summary Statements, included in this Prospectus.

7. Statement of Tax Benefits dated January 19, 2016 from our Statutory Auditors.

8. Copies of annual reports of our Company for fiscal years 2011, 2012, 2013, 2014 and 2015.

9. Consent of Directors, Statutory Auditors, BRLMs, Syndicate Members,Domestic Legal Counsel to our Company as to Indian law, Domestic Legal Counsel to the Underwriters as to Indian law, International Legal Counsel to the Underwriters,Legal Counsel to Sequoia Capital India Investments III and Sequoia Capital India Investment Holdings III as to Indian law, Registrar to the Offer, Anchor Escrow Collection

Bank, Refund Bank(s), Bankers to our Company, Monitoring Agency, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities.

10. Consent of the Statutory Auditorsto include their names as experts in relation to their reports on the Restated Consolidated Summary Statements and the Restated Unconsolidated Summary Statements dated January 19, 2016 the Restated Summary Statements and the statement of tax benefits dated January 19, 2016 included in this Prospectus.

11. Due Diligence Certificate dated September 29, 2015 addressed to SEBI from the BRLMs.

12. In-principle listing approvals dated October 9, 2015 and October 14, 2015 issued by the BSE and the NSE respectively.

13. Tripartite Agreement dated July 12, 2010 between our Company, NSDL and Registrar to the Offer.

14. Tripartite Agreement dated September 22, 2015 between our Company, CDSL and Registrar to the Offer.

15. Scheme of amalgamation between our Company and Cat Labs Private Limited.

16. Monitoring agency agreement dated January 29, 2016 executed between the Monitoring Agency and our Company.

17. Employment and Confidentiality Agreement dated August 28, 2015 executed between our Company and Kailash Sahebrao Katkar.

18. Employment and Confidentiality Agreement dated August 28, 2015 executed between our Company and Sanjay Sahebrao Katkar.

19. Certificate dated January 22, 2016 from Rathi Rathi and Co., Chartered Accountants certifying the amounts deployed by our Company, towards the objects of the Fresh Issue.

20. Subscription, purchase and shareholders' agreement dated August 9, 2010 and as amended on September 28, 2015, between our Company, Kailash Sahebrao Katkar, Sanjay Sahebrao Katkar, Anupama Katkar, Dr. Chhaya Katkar, Sequoia Capital India Investment Holdings III, Sequoia Capital India Investments III, Sequoia Capital India Investment Holdings II and Sequoia Capital India II, LLC.

21. SEBI observation letter no. CFD/DIL/ISSUES/NR/35053/2015 dated December 18, 2015.

22. Notice dated February 5, 2016 issued by NCS Computech Limited to our Company.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

I, Kailash Sahebrao Katkar, certify that all statements and undertakings made by me in this Prospectus in relation to myself or in connection with the Equity Shares offered by me in the Offer for Sale, are true and correct.

**SIGNED BY THE SELLING SHAREHOLDER**

**Kailash Sahebrao Katkar**

Date: February 13, 2016

## DECLARATION BY SANJAY SAHEBRAO KATKAR

I, Sanjay Sahebrao Katkar, certify that all statements and undertakings made by me in this Prospectus in relation to myself or in connection with the Equity Shares offered by me in the Offer for Sale, are true and correct.

**SIGNED BY THE SELLING SHAREHOLDER**

**Sanjay Sahebrao Katkar**

Date: February 13, 2016

## DECLARATION SEQUOIA CAPITAL INDIA INVESTMENT HOLDINGS III

We, Sequoia Capital India Investment Holdings III, certify that all statements and undertakings made by us in this Prospectus in relation to ourselves or in connection with the Equity Shares offered by us in the Offer for Sale in this Prospectus, are true and correct.

**SIGNED BY THE SELLING SHAREHOLDER**

**Name**

**Authorized signatory on behalf of**

**Sequoia Capital India Investment Holdings III**

Date: February 13, 2016

## DECLARATION SEQUOIA CAPITAL INDIA INVESTMENTS III

We, Sequoia Capital India Investments III, certify that all statements and undertakings made by us in this Prospectus in relation to ourselves or in connection with the Equity Shares offered by us in the Offer for Sale in this Prospectus, are true and correct.

**SIGNED BY THE SELLING SHAREHOLDER**

**Name**

**Authorized signatory on behalf of**

**Sequoia Capital India Investments III**

Date: February 13, 2016

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 and the rules/ guidelines/ regulations issued by the Government or the regulations or guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 (to the extent applicable), Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

**SIGNED BY THE DIRECTORS OF OUR COMPANY**

**Kailash Sahebrao Katkar** _____

**Sanjay Sahebrao Katkar** _____

**Abhijit Shantaram Jorvekar** _____

**Shailesh Lakhani** _____

**Mehul Mulchand Savla** _____

**Apurva Pradeep Joshi** _____

**Sunil Sethy** _____

**Pradeep Vasudeo Bhide** _____

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

**Rajesh Ghonasgi**

_____

Date: February 13, 2016
Place: Pune