

QUICK HEAL TECHNOLOGIES LIMITED

Regd. Office: Marvel Edge, Office No. 7010 C & D, 7th Floor, Opposite Neco Garden Society, Viman Nagar, Pune - 411014
CIN: L72200MH1995PLC091408

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017

(INR in million)

Sr. No.	Particulars	Standalone				Consolidated		
		Quarter ended		Year ended		Year ended		
		March 31, 2017 (Audited) (Refer note 2)	December 31, 2016 (Unaudited) (Refer note 2)	March 31, 2016 (Refer note 2)	March 31, 2017 (Audited)	March 31, 2016 (Audited)	March 31, 2017 (Audited)	March 31, 2016 (Audited)
1	Income							
	a) Revenue from operations	918.85	531.93	1,116.66	2,990.22	2,984.90	2,999.73	3,020.90
	b) Finance income	56.86	64.94	24.91	244.20	65.41	244.20	65.41
	c) Other income	2.00	10.74	13.19	33.56	29.05	40.31	33.62
	Total income (a+b+c)	977.71	607.61	1,154.76	3,267.98	3,079.36	3,284.24	3,119.93
2	Expenses							
	a) Cost of raw materials consumed	3.96	2.32	5.27	14.02	12.79	19.43	39.60
	b) Purchase of security software products	42.79	27.54	46.26	126.99	120.55	128.56	123.37
	c) Changes in inventories of security software products	(7.43)	(6.89)	0.98	(9.18)	10.25	(4.10)	5.66
	d) Employee benefits expense	247.33	249.08	222.89	987.62	835.25	1,028.05	866.60
	e) Depreciation and amortisation expense	81.59	75.63	63.16	308.67	236.78	309.44	237.12
	f) Other expenses	249.49	211.02	269.87	898.31	938.07	926.35	966.51
	Total expenses (a+b+c+d+e+f)	617.73	558.70	608.43	2,326.43	2,153.69	2,407.73	2,238.86
3	Profit before exceptional items and tax (2-3)	359.98	48.91	546.33	941.55	925.67	876.51	881.07
4	Exceptional items (refer note 8)	-	6.33	-	44.13	-	37.80	-
5	Profit before tax (3-4)	359.98	42.58	546.33	897.42	925.67	838.71	881.07
6	Tax expense							
	Current tax							
	Pertaining to profit for the current year	127.90	27.25	200.77	317.56	324.61	318.27	324.71
	Adjustments of tax relating to earlier periods	0.52	(2.47)	-	(1.72)	-	(1.72)	-
	Deferred tax	(4.76)	(8.35)	(28.06)	(10.11)	(22.72)	(10.11)	(22.72)
	Total tax expense	123.66	16.43	172.71	305.73	301.89	306.44	301.99
7	Profit for the year (5-6)	236.32	26.15	373.62	591.69	623.78	532.27	579.08
8	Other comprehensive income, net of tax							
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:							
	Re-measurement of defined benefit plans	2.38	0.45	(0.01)	1.12	(0.28)	1.12	(0.28)
	Net (loss) or gain on FVTOCI assets	0.10	-	4.62	(3.45)	4.63	(3.45)	4.63
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
	Exchange differences on translation of foreign operations	-	-	-	-	-	(8.02)	0.14
	Total other comprehensive income	2.48	0.45	4.61	(2.33)	4.35	(10.35)	4.49
9	Total comprehensive income (after tax) (7+8)	238.80	26.60	378.23	589.36	628.13	521.92	583.57
10	Paid-up equity share capital (face value of INR 10 each)	701.02	700.92	700.30	701.02	700.30	701.02	700.30
11	Reserves excluding revaluation reserves as per balance sheet of previous accounting year				6,089.44	5,699.67	5,915.53	5,593.21
12	Earnings per share of INR 10 each: (before and after extraordinary items) (not annualised for the quarter)							
	a) Basic	3.37	0.37	5.66	8.45	10.00	7.60	9.29
	b) Diluted	3.35	0.37	5.65	8.40	9.98	7.55	9.27



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AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

(INR in million)

	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Assets				
Non-current assets				
(a) Property, plant and equipment	1,780.66	1,321.55	1,782.23	1,323.54
(b) Capital work-in-progress	135.89	550.21	135.89	550.58
(c) Intangible assets	65.12	93.74	65.39	93.74
(d) Financial assets				
(i) Investments	361.57	170.13	66.66	40.08
(ii) Loans and security deposits	4.50	1.52	4.50	1.52
(iii) Other financial assets	2.07	5.29	1.83	2.00
(e) Deferred tax assets (net)	87.30	77.80	87.30	77.80
(f) Other non-current assets	244.79	177.52	244.79	177.38
	2,681.90	2,397.76	2,388.59	2,266.64
Current assets				
(a) Inventories	72.22	53.68	79.40	66.69
(b) Financial assets				
(i) Investments	1,750.82	1,113.21	1,750.82	1,113.21
(ii) Trade and other receivables	949.90	969.11	971.83	923.81
(iii) Cash and cash equivalents	501.16	1,107.22	592.54	1,167.24
(iv) Bank balances other than (iii) above	1,501.16	1,523.30	1,501.16	1,523.30
(v) Loans and security deposits	5.38	68.87	6.21	70.19
(vi) Interest accrued and share issue expenses recoverable	8.73	18.73	8.73	18.73
(c) Other current assets	33.85	23.04	35.96	23.48
	4,823.22	4,877.16	4,946.65	4,906.65
Total assets	7,505.12	7,274.92	7,335.24	7,173.29
Equity and liabilities				
Equity				
(a) Equity share capital	701.02	700.30	701.02	700.30
(b) Share application money pending allotment	0.06	-	0.06	-
(c) Other equity				
(i) Retained earnings	3,299.40	2,917.32	3,132.04	2,809.39
(ii) Securities premium account	2,297.36	2,291.14	2,297.36	2,291.14
(iii) Amalgamation reserve	26.45	26.45	26.45	26.45
(iv) General reserve	450.26	450.26	450.26	450.26
(v) Other reserves	15.97	14.50	9.42	15.97
Total equity	6,790.52	6,399.97	6,616.61	6,293.51
Liabilities				
Non-current liabilities				
(a) Net employee defined benefit liabilities	22.73	18.34	22.73	18.34
	22.73	18.34	22.73	18.34
Current liabilities				
(a) Financial liabilities				
(i) Trade and other payables	406.02	506.07	408.96	509.85
(ii) Other financial liabilities	13.16	10.25	13.16	10.25
(b) Other current liabilities	135.79	159.71	136.25	160.76
(c) Net employee defined benefit liabilities	14.42	14.79	14.42	14.79
(d) Current tax liabilities (net)	122.48	165.79	123.11	165.79
	691.87	856.61	695.90	861.44
Total liabilities	714.60	874.95	718.63	879.78
Total equity and liabilities	7,505.12	7,274.92	7,335.24	7,173.29



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STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017

1 The above financials results for the year ended March 31, 2017 have been subjected to statutory audit by the auditors of the Company and reviewed by the Audit Committee and approved by the Board of Directors of the Company at the respective meetings held on May 11, 2017 and May 12, 2017 respectively.

2 The Company has adopted Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with effect from April 01, 2016 and accordingly, the transition was carried out, from the Accounting Principles generally accepted in India as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ("previous GAAP"), in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. Accordingly, the impact of transition has been recorded in opening reserves as at April 1, 2015 and the periods presented have been restated.

The figures for the quarters ended March 31, 2017 and March 31, 2016, as reported in the financial results, are the balancing figures between the audited figures in respect of the full financial year and published figures of nine months ended December 31, 2016 and December 31, 2015 respectively. The figures for the quarter and nine months ended December 31, 2016 has been subjected to limited review by the statutory auditors. As the Company got listed on February 18, 2016, the Statement was drawn in accordance with Regulation 33 of SEBI LODR Regulations, 2015 for the first time for the quarter and year ended March 31, 2016. The figures for the quarter and nine months ended December 31, 2015, which was not liable to be published was prepared by the management. Those figures were prepared to give a true and fair view and were not subjected to any limited review or audit. Accordingly, the standalone figures for the corresponding quarter ended March 31, 2016 has been compiled by the management and has not been subjected to any review or audit by us.

3 The Company has also prepared a reconciliation of the standalone net profit for the quarter and year ended March 31, 2016 and consolidated net profit for the year ended March 31, 2016 under previous GAAP with the total comprehensive income as reported in these financial results under Ind AS. The net profit reconciliation is presented below:

Sr. No.	Particulars	(INR in million)			Notes
		Standalone		Consolidated	
		Quarter ended March 31, 2016	Year ended March 31, 2016 (Audited)	Year ended March 31, 2016 (Audited)	
A	Net profit under previous GAAP	383.42	628.61	584.00	
B	Effects of transition to Ind AS on Statement of profit and loss:				
(a)	On account of adjustment of deferral of income as per Ind AS 18 (net)	(22.49)	(2.96)	(2.96)	
(b)	On account of measuring investments at fair value through profit and loss (FVTPL)	6.51	0.98	0.98	(a)
(c)	On account of reclassification of actuarial gain or loss arising in respect of defined benefit plans	0.02	0.42	0.42	
(d)	On account of remeasurement of stock compensation expenses at fair value	(0.65)	(2.87)	(2.87)	
(e)	Deferred tax on above adjustments (net)	6.81	(0.40)	(0.49)	
C	Net profit after tax for the period under Ind AS	373.62	623.78	579.08	
D	Other comprehensive income (net of tax)	4.61	4.35	4.49	(b)
E	Total comprehensive income	378.23	628.13	583.57	

Notes:

a) Under previous GAAP, current investments were stated at lower of cost and fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition and fair value changes has been recognised in the statement of profit and loss.

b) Other comprehensive income ("OCI") for the quarter and year ended March 31, 2016 includes actuarial gain or loss arising in respect of defined benefit plans. It also includes fair value gain on investments through OCI.

4 Reconciliation of Equity, as reported under previous GAAP to Ind AS for earlier periods is as follows:

Sr. No.	Particulars	(INR in million)			
		Standalone		Consolidated	
		As at March 31, 2016 (Audited)	As at April 1, 2015	As at March 31, 2016 (Audited)	As at April 1, 2015
A	Equity as reported under previous GAAP	6,175.63	3,376.31	6,069.17	3,314.40
B	Effect of transition to Ind AS				
(a)	On account of measuring equity instrument through OCI	5.93	(0.21)	5.93	(0.21)
(b)	On account of proposed dividend including dividend distribution tax	210.72	485.11	210.72	485.11
(c)	On account of measuring investments at FVTPL	29.23	28.25	29.23	28.25
(d)	On account of adjustment of deferral of income as per Ind AS 18 (net)	(27.72)	(24.76)	(27.72)	(24.76)
(e)	Deferred tax on above adjustments (net)	6.18	7.95	6.18	7.95
	Total of effects of transition to Ind AS	224.34	496.34	224.34	496.34
C	Equity as reported under Ind AS	6,399.97	3,872.65	6,293.51	3,810.74

5 During the current year and earlier years, the Company has received two statement of demands of service tax under the provisions of Finance Act, 1994 for INR 846.06 million (excluding penalty of INR 589.26 million) covering the period from March 01, 2011 to March 31, 2015 on supply of anti-virus software in Compact Disk. The Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi against one of the demand and is in the process of filing an appeal against the second demand with the appropriate authorities. Based on a technical circular issued by the government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision has been considered necessary in this regard and also for the subsequent period till March 31, 2017.

6 The Company is engaged in providing security software solutions. The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the target customer group (segments) viz. retail, enterprise & government and mobile. However, based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into one operating segment viz. anti-virus and as such there is no separate reportable operating segment as defined by Ind AS 108 "Operating segments".

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STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017

7 Adjustment to Income from operations is as follows:

(INR in million)

Sr. No.	Particulars	Standalone				Consolidated		
		Quarter ended		Year ended		Year ended		
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
a)	Income from operations (gross)	1,030.08	576.47	1,322.06	3,309.20	3,383.61	3,313.75	3,377.73
b)	Less: Adjustment pertaining to: Sales incentive and promotional expenses (including channel spends) and multiple element contracts	111.23	44.54	205.40	314.02	356.83	314.02	356.83
	Income from operations (net)	918.85	531.93	1,116.66	2,990.22	2,984.90	2,999.73	3,020.90

8 Exceptional item for the year ended March 31, 2017 represents impairment of financial assets (Loan and interest receivable) of INR 37.80 million and impairment of investment in subsidiary (i.e. 'Quick Heal Technologies MENA FZE') amounting to INR 6.33 million (Exceptional item for the quarter ended December 31, 2016).

9 The Board of Directors have recommended the dividend of INR 2.50 per equity share of the face value of INR 10.00 per share aggregating to INR 210.93 million (including dividend distribution tax) for the year ended March 31, 2017. The payment of dividend is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

10 Previous period's figures have been regrouped / reclassified, wherever necessary, to conform to the current period's classification / disclosures.

Place: Pune
 Date: May 12, 2017



For and on behalf of the Board of Directors

Kailash Katkar
 Managing Director
 & Chief Executive Officer