Name of the Issue: Quick Heal Technologies Limited

1 Type of Issue

Initial Public Offer

2 Issue Size (INR in crore)

451.25*

*Source: Prospectus dated February 13, 2016

3 Grade of issue along with name of the rating agency

Name: N.A.
Grade: N.A.

4 Subscription Level (Number of times)

11.07 *

* Before technical rejections and excluding anchor portion

Source: Minutes for basis of allotment dated February 15, 2016

5 QIB Holding *(as % of Outstanding Capital) as disclosed in the stock exchange

Particulars | Percentage
---|---
(i) On Allotment ** | 15.3%
(ii) at the end of 1st Quarter immediately after the listing of the issue (March 31, 2016) ** | 9.3%
(iii) at the end of 1st FY (March 31, 2016) ** | 8.3%
(iv) at the end of 2nd FY (March 31, 2017) ** | 9.4%
(v) at the end of 3rd FY (March 31, 2018) ** | 8.1%

** Source: stock exchange filings

6 Financials of the issuer

Parameters | 1st FY (March 31, 2016) (Rs. Million) | 2nd FY (March 31, 2017) (Rs. Million) | 3rd FY (March 31, 2018) (Rs. Million)
---|---|---|---
Income from operations | 3,021 | 3,000 | 3,183
Net Profit for the period ** | 579 | 532 | 830
Paid-up equity share capital | 700 | 701 | 704
Reserves excluding revaluation reserves | 5,593 | 5,916 | 6,535

** Excludes other comprehensive income

6.1 Trading Status in the scrip of the issuer

The company's equity shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The shares have not been suspended or delisted

Particulars | Status
---|---
(i) at the end of 1st FY (March 31, 2016) | Frequently Traded
(ii) at the end of 2nd FY (March 31, 2017) | Frequently Traded
(iii) at the end of 3rd FY (March 31, 2018) | Frequently Traded

7 Change in Directors of Issuer from the disclosures in the offer document

Particulars | Name of Director | Appointed / Resigned
---|---|---
(i) at the end of 1st FY (March 31, 2016) | - | -
(ii) at the end of 2nd FY (March 31, 2017) | - | -
(iii) at the end of 3rd FY (March 31, 2018) | - | -

8 Status of implementation of project/ commencement of commercial production

(i) as disclosed in the offer document | Not applicable
(ii) Actual implementation | Not applicable
(iii) Reasons for delay in implementation, if any | Not applicable

9 Status of utilization of issue proceeds

(i) As disclosed in the offer document | (Rs. Million)
---|---
Advertising and sales promotion | 1,110 | 1,110 | - | 370 | 370 | 370 | 1,110
Capital expenditure on research and development | 419 | 419 | - | 220 | 100 | 99 | 419
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi | 276 | 276 | 57 | 219 | - | - | 276
General corporate purposes | 538 | 538 | 1 | 161 | 188 | 188 | 538
Total | 2,343 | 2,343 | 58 | 970 | 658 | 657 | 2,343

Source: Prospectus dated February 13, 2016

(ii) Actual utilization | (Rs. Million)
---|---
Advertising and sales promotion | - | 89 | 155 | - | 244
Capital expenditure on research and development | 6 | 226 | 77 | - | 309
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi | 20 | 38 | 130 | - | 187
General corporate purposes | - | 80 | 22 | - | 102
Total | 25 | 433 | 384 | - | 843

Source: Company stock exchange filing

* Monitoring agency report available only till December 2017

(iii) Reasons for deviation, if any | Not applicable

Total Estimated schedule of deployment of Net Proceeds for Fiscal Year

Expenditure Items

<table>
<thead>
<tr>
<th>Expenditure Items</th>
<th>Total Estimated</th>
<th>Amount to be Financed</th>
<th>Estimated Expenditure of Net Proceeds for Fiscal Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rs. Million)</td>
<td>(Rs. Million)</td>
<td>(Rs. Million)</td>
<td>(Rs. Million)</td>
</tr>
<tr>
<td>Advertising and sales promotion</td>
<td>1,110</td>
<td>1,110</td>
<td>-</td>
<td>370</td>
</tr>
<tr>
<td>Capital expenditure on research and development</td>
<td>419</td>
<td>419</td>
<td>-</td>
<td>220</td>
</tr>
<tr>
<td>Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi</td>
<td>276</td>
<td>276</td>
<td>57</td>
<td>219</td>
</tr>
<tr>
<td>General corporate purposes</td>
<td>538</td>
<td>538</td>
<td>1</td>
<td>161</td>
</tr>
<tr>
<td>Total</td>
<td>2,343</td>
<td>2,343</td>
<td>58</td>
<td>970</td>
</tr>
</tbody>
</table>

Source: Initial Public Offering dated February 13, 2016

(ii) Actual utilization | (Rs. Million)
---|---
Advertising and sales promotion | 54 | 155 | Not available |
Capital expenditure on research and development | 20 | 77 | Not available |
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi | 80 | 130 | Not available |
General corporate purposes | - | 22 | Not available |
Total | 84 | 384 | Not available | 843

* Monitoring agency report available only till December 2017

(iii) Reasons for deviation, if any | Not applicable

Initial Public Offering dated February 13, 2016

(iii) Reasons for deviation, if any | Not applicable
11 Comments of monitoring agency

(i) Comments on use of funds
(ii) Comments on deviations, if any, in the use of proceeds of the issue from the objects stated in the offer document

Not applicable

(ii) Any other reservations expressed by the monitoring agency about the end use of funds

Not applicable

- The company has disclosed excess amount of INR 1.14 million as issue related expenses against disclosure in the offer document (i.e. amount disclosed in offer document is INR 1.57 million - actual amount incurred is INR 1.72 million).
- The said expenses are shown under the head of general corporate expenses.
- Expenses related to other shareholders aggregating to INR 15.01 million were also paid through the books of Company in addition to the issue related expenses paid by the Company.
- Pursuant to the notice of closure of books (as declared and notified by the Company), the Company proposes to deposit the total share purchase money to the credit of the Company as declared in the offer document for the fiscal years 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 utilized in the next fiscal year. Accordingly, we have noticed that as per the projection provided in the Offer Document the Company was required to spend INR 235 million in the year 2017 under the head advertising and sales promotion. However, the Company has actually spent INR 94.9 million during the current fiscal.
- Pursuant to the terms of objects clause, the Company was required to spend INR 325 million under the head capital expenditure on research and development. However, the Company has actually spent INR 232.22 million. There is an excess expenditure of INR 122.82 million under the head capital expenditure on research and development.

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- Pursuant to the terms of objects clause, the Company was required to spend INR 325 million under the head capital expenditure on research and development. However, the Company has actually spent INR 232.22 million. There is an excess expenditure of INR 122.82 million under the head capital expenditure on research and development.

12 Pricing Data

<table>
<thead>
<tr>
<th>Pricing parameters</th>
<th>Closing price</th>
<th>High</th>
<th>Low</th>
<th>Price as at close of listing day</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at the end of the 1st FY after the listing of the issue (March 31, 2016)</td>
<td>22.25</td>
<td>23.4x</td>
<td>23.4x</td>
<td>23.4x</td>
</tr>
</tbody>
</table>

| Issue Price (Rs.) | 321 |

| Listing Date | 18-Feb-16 |

13 Basis for Issue Price

<table>
<thead>
<tr>
<th>Accounting ratio</th>
<th>Quick Heal Technologies Limited</th>
<th>As disclosed in the offer document (FY 2012)</th>
<th>As at the end of 1st FY (FY 2013)</th>
<th>As at the end of 1st FY (FY 2014)</th>
<th>As at the end of 1st FY (FY 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS(1)</td>
<td>0.41</td>
<td>2.25</td>
<td>0.30</td>
<td>1.40</td>
<td>1.60</td>
</tr>
<tr>
<td>PE (2)</td>
<td>20.32</td>
<td>55.75</td>
<td>55.75</td>
<td>55.75</td>
<td>55.75</td>
</tr>
<tr>
<td>ROCE</td>
<td>16.20</td>
<td>14.00</td>
<td>14.00</td>
<td>14.00</td>
<td>14.00</td>
</tr>
<tr>
<td>NRV</td>
<td>19.20</td>
<td>19.20</td>
<td>19.20</td>
<td>19.20</td>
<td>19.20</td>
</tr>
<tr>
<td>ROAE</td>
<td>11.40</td>
<td>11.40</td>
<td>11.40</td>
<td>11.40</td>
<td>11.40</td>
</tr>
<tr>
<td>NAV per share based on Balance Sheet</td>
<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
<td>5.40</td>
</tr>
<tr>
<td>Market Price (NSE)</td>
<td>22.25</td>
<td>22.25</td>
<td>22.25</td>
<td>22.25</td>
<td>22.25</td>
</tr>
</tbody>
</table>

(1) Based on Fully Diluted EPS

(2) Based on Fully Diluted EPS

(3) Based on Fully Diluted EPS

(4) Based on Fully Diluted EPS

Note: Further details of the above and a complete list of material information as disclosed by the Company is available on the website of the stock exchanges.